



2010 ARTS & CULTURE REPORT

BEST PRACTICES IN ARTS & CULTURE FUNDRAISING

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Introduction

Defining the Arts and Culture Market

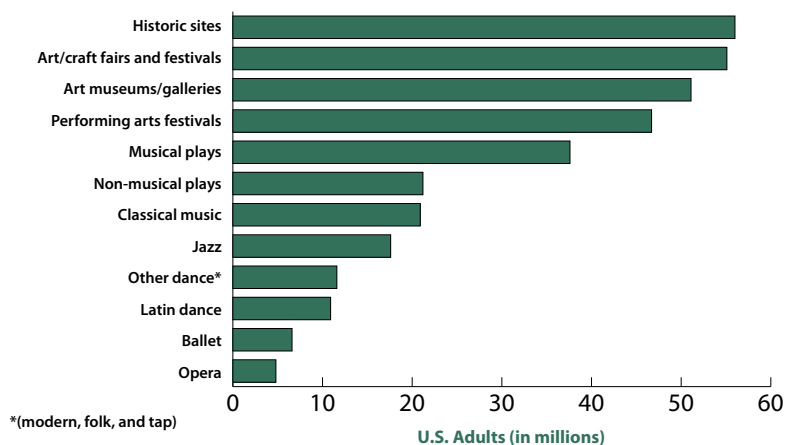
WealthEngine's report, *Best Practices in Arts and Culture Fundraising*, is being released during a climate of economic change specifically affecting the Arts and the individuals who support their initiatives. This study illuminates the fact, however, that the nonprofit Arts and Culture segment is an economic driver in many communities—a growth industry that supports jobs, generates government revenue, and is the cornerstone of tourism. A study released in 2007 by Americans for the Arts, *Arts & Economic Prosperity III: The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences* revealed nationally, that the nonprofit Arts and Culture industry generates \$166.2 billion in economic activity every year—\$63.1 billion in spending by organizations and an additional \$103.1 billion in event-related spending by their audiences.

The Arts sector is comprised of live performing arts organizations such as theaters, operas, symphony orchestras, and ballets, plus the fine arts of painting, sculpture, and historic arts associated with institutions such as museums and galleries. Arts and Culture organizations also represent a wide range of areas including, zoos and aquariums, botanical gardens and other natural sciences, film, libraries and public broadcasting.

According to James Heilbrun, in his book entitled, *The Economics of Art and Culture*, “a performance is put on in a venue to which the audience must come; the performance can be repeated in exactly the same way as often as it might be desirable to satisfy a larger audience.”

The chart to the right illustrates the millions of U.S. adults attending a performing arts event or other arts activity at least once in the past 12 months during the year 2008 as reported in the most recent Survey of Public Participation in the Arts.¹ We can see the largest attended is Historic sites with 55 million visitors followed by arts festivals and museums with roughly 51 million and fourth highest attended, performing arts broken down by specific categories.

U.S. adults attending an arts event or activity at least once in the past 12 months



Source: 2008 Survey of Public Participation in the Arts

Both a large arts sector and active participation in the Arts dictate a high potential for support of the arts even in an economic downturn. The key for Arts and Culture organizations is to leverage Americans' passion for the Arts and to transform mere participants into patrons and lasting donors.

The Arts and Culture Fundraising Landscape

The economic landscape presents a number of fundraising challenges for Arts and Cultural organizations in particular. The primary impediments to successful fundraising include lean staffing and funding for systematic prospect research. Most organizations are operating without a full or even part-time staff member devoted to prospect research. This limits an organization's ability to take advantage of the many advanced prospect research tools and processes critical to donor cultivation. There are also external factors such as the pressures of the economy and increased competition for donor dollars that while not unique to arts and culture organizations, have been particularly acute in their fundraising efforts due to the discretionary nature of spending on arts and cultural activities.

The common constraint of performing prospect research at Arts and Cultural organizations is the allocation of staff or dedicated staff time. Arts and Culture organizations tend not to employ the same levels of research staff that one might see in higher education, healthcare or other sectors of the nonprofit community.

¹ <http://www.nea.gov/research/2008-SPPA.pdf>

Impact of Recession on Prospect Development

Since 2007, charities in the United States have seen significant decreases in giving among individuals. According to *Giving USA*, individual giving dropped by 2.7% to just below \$230 billion in 2008 with the Arts and Culture industry receiving \$12.8 billion of the total estimated giving, a 6.4% decrease over 2007.² Situations of high unemployment amongst nearly all classes and tight credit markets curtailed spending and consumer confidence. A culture of thrift leads individuals, of course, to also cut back on their philanthropic activity. The results can be devastating for many nonprofit organizations, especially those that had not focused on systematic prospect research to maintain a healthy and full donor pipeline.

In our survey, nearly 40% of respondents indicated that their organization did not make their fundraising goal last year. Of those that did not make goal, roughly 77% indicated that the impact of the recession on donors was the primary reason they fell short of their goal.

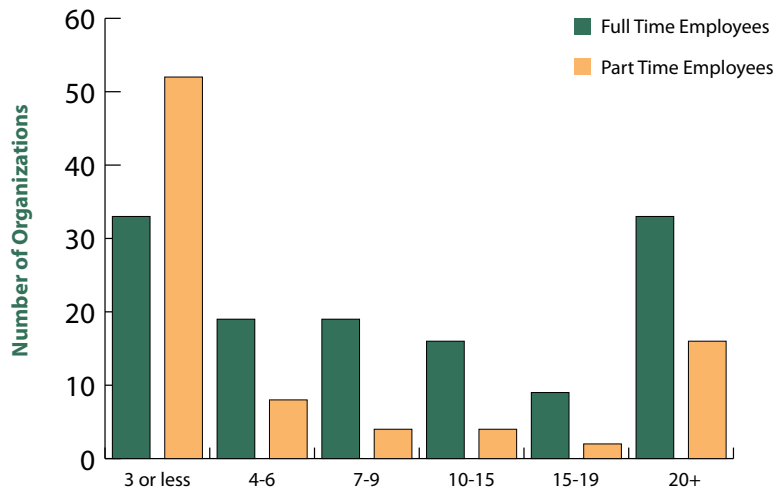
In a time and economic climate where there is a consistent and dramatic decrease in spending and increase in the areas of health and human services (providing food, clothing, shelter, etc.), competition for visibility and funding from individuals is intense. Our focus group participants indicated that now more than ever, the need exists to cultivate relationships with their donors and prospects, emphasizing the organization's mission and community impact. To maintain and grow these relationships is to retain funding. Those that do not employ a strategy to do so, find themselves missing fundraising goals.

Overall, the Arts and Culture industry continues to retain a positive outlook. As the creative minds come together to find new ways to break the mold, and secure donations, the steadfast and true methods of prospect research, tracking and building relationships continue to keep the doors of many institutions open. Many other organizations who have not utilized these strategies in the past, are finding now more than ever that they must do so in order to continue their mission.

This report outlines seven best practices in fundraising and also illustrates how several high performing organizations are putting these into action.

Kennedy Center President, Michael M. Kaiser in his book, *Strategic Planning in the Arts: A Practical Guide* states, "Culturally-specific arts organizations have had a difficult time finding major individual sponsors. The communities they serve have other giving priorities and limited funds; mainstream donors support mainstream organizations. Culturally-specific arts organizations, therefore, are particularly challenged in the current funding environment."

Prospect Research Staffing



Our study shows that cultural organizations employing no formal research staff do not discriminate in size. Not surprisingly however, organizations that do have full-time research staff tend to be larger (over \$1 million fundraising budget). Organizations that employ part-time research staff tend to be smaller with research budgets under \$50,000.

Of all those surveyed without a full-time research staff, roughly 41% did not reach their most recent annual fundraising goal.

The total fundraising impact of staffing for research is significant. Over two-thirds of our survey respondents indicated that their organizations included no full-time prospect research staff. Of this group without full-time research staff, roughly 41% did not meet their most recent annual fundraising goal. If an organization does not have research staff, the responsibility of prospect research and prospect management falls heavily on other staff members who have other fundraising duties. That dynamic typically translates into an unsystemic or sustainable approach to prospect/donor cultivation. This challenges an organization's ability to build a comprehensive prospecting strategy and limits their ability to maintain a strong prospect pipeline. For those organizations that did not have staff devoted to prospect research, we asked what percentage of staff time is used in prospect research efforts. Sixty-six percent of respondents indicated that only 1% to 24% of staff time is devoted to prospect research.

² http://www.givingusa.org/press_releases/gusa/GivingReaches300billion.pdf

Report Methodology

The information gathered and presented in this study is the result of an extensive survey of Arts and Culture organizations by WealthEngine, a leading provider of wealth identification and prospect research solutions. Our survey was conducted from April 2010 through June 2010 and the information gathered was used as the basis for this report. The survey was distributed to individuals at roughly 1,328 Arts and Culture organizations. Recipients included both WealthEngine clients as well as non-clients. We had an 11% response rate, receiving a total of 142 responses of which approximately 42% were WealthEngine clients. Additionally three in-person focus group discussions with approximately twenty-eight prospect research and fundraising professionals. These were held in Los Angeles in conjunction with the American Association of Museums Conference, in Baltimore in conjunction with the Americans for the Arts Half-Century Summit and in Washington, DC at a private event. The information gathered from these sources was analyzed by WealthEngine, and from that analysis we have outlined seven best practices for fundraising in Arts and Culture organizations.

Our survey respondents included several different types of organizations, including:

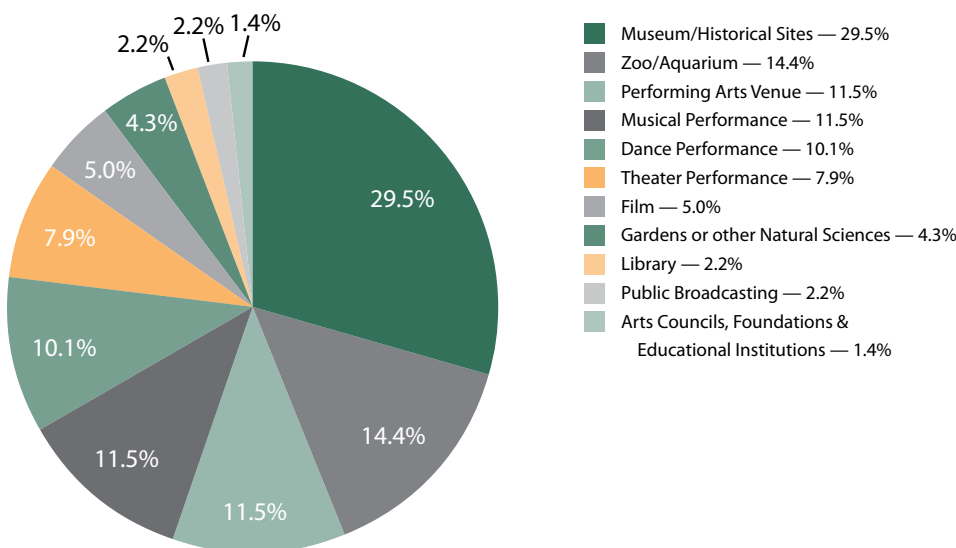
- Museums and Historical Sites
- Theater Performance
- Musical Performance
- Performing Arts Venues
- Zoos and Aquariums
- Botanical Gardens and Natural Sciences

Survey respondents and focus group participants came from a wide range of organizational types. This diversity reflects the very nature of the arts and culture industry. We asked respondents of the survey to classify their organizations and the results show roughly 15 different types of organizations across the arts and culture spectrum. The largest groups of survey respondents were those classified as museums and historical sites accounting for 29.5% of all survey respondents.

There was a fairly even balance between local, multi-county, statewide, regional (multi-state), national and global organizations that participated in the study. (See Appendix D for statistics on size of organizations responding to the survey).

The goal of this report is to articulate a set of seven best practices for Arts and Culture prospect research and fundraising, as well as illuminate the key trends affecting Arts and Culture organizations.

Survey Respondents by Organization Type



Executive Summary

The WealthEngine report, *Best Practices in Arts and Culture Fundraising* is a unique, in-depth look at how arts organizations are conducting prospect research within their fundraising session. Based on an extensive and detailed survey with 142 respondents, this study shows information into the workings of the research function at many arts organizations. After analysis of the data, we identified seven best practices related to successful research and fundraising programs.

1. Capture Ticketing Data to Identify Donor Potential –

Arts and Culture organizations capturing financial or demographic information as part of the admission and ticketing transaction process is 37.8%. Of this group, 79% utilize the information for cultivation and moves management. Ultimately, 49% of this particular segment met their annual fundraising goal. Organizations that are employing strategies to capture, analyze and utilize ticketing data are more efficient and successful in their fundraising strategies.

2. Leverage Membership to Fuel Your Donor Pipeline –

A member, in the case of Arts and Culture organizations, is defined as an individual who receives benefits for a specific level of donation. Nearly 70% of survey respondents maintain an active membership program. Engaging members consistently and thoughtfully in concert with the development process is essential. Quality attention to this group results in an active and prime pipeline of potential donors ready to be cultivated and moved up the ladder. Roughly 67% of the respondents are successfully upgrading 1%-19% of their members to a higher membership and donation level each year.

3. Leverage Your Board to Build an Inner Circle –

One obvious and clear responsibility of a nonprofit Board member is to support the organization financially and tap others to do the same. Roughly 81% of surveyed organizations see active fundraising participation from their Board and volunteers. For Arts and Culture organizations, the ideal Board candidate has a Circle of Friends that shows similar giving capacity and inclination toward the Arts. Defining an Inner Circle of individuals who are deeply committed and active with the organization will assist the development office cultivation with a personal touch. This Inner Circle should be compared against all prospects to expand the Circle of Friends beyond that of the Board to strengthen the Major Gift pipeline.

4. Invest in Screening –

Prospect researchers are tasked with much more than only identifying new donors. Namely, they must also assist in the upgrade process. Eighty-three percent of the 92 respondents to the survey question assessing the various struggles of Arts and Culture organizations have with their donors, “upgrading current donors” was a moderate to high challenge.

The runner up to this challenge is the identification of new donors at 76%. The case for screening is seen in the black and white numbers of our online survey respondents. Of the individuals who responded to the question regarding meeting fundraising goals, 54% indicated they met the fundraising goals set for the previous fiscal year. Drilling down further, 62% of these respondents conducted screenings.

5. Manage Your Data Proactively –

Donor Management Systems (DMS) provide an organization with one centralized place to maintain a donor’s history, from donations, to event participation. Seventy percent of our survey respondents indicated they currently use a donor management system (DMS) to capture and manage their data. This piece of the fundraising puzzle is a must in order to effectively understand and utilize data. Effective documentation and frequent updating of donor records ensures accurate and actionable results from research efforts, including wealth screenings. An effectively managed DMS, combined with a solid implementation plan is essential.

6. Employ Special Events to Uncover Potential –

A special event can range from a gala to a walk-a-thon. Forty-four percent of organizations indicated they use special events to fuel their prospect pipeline. Twenty-six percent of our respondents look to screening results to help inform their special event planning and strategies. Special event attendees represent another source of potential for major gifts and corporate sponsorships. Leverage your Inner Circle (see Best Practice #3) to identify connections and begin cultivating this group of individuals.

7. Measure Return on Investment –

Return on Investment is a meaningful measure for management, board and other decision makers when calculated independently for different fundraising programs. ROI may influence fundraising areas such as the major giving, the annual fund, and planned giving. Organizations must also make sure to maintain and monitor strategies over time to assess their ROI. Sixty-six percent listed 5-10 years as their span for assessment. Forecasting results, setting reasonable goals, and making well-founded resource allocations are all more efficient and effective with ROI measurements. When you compare the cost of routine screening and prospect research to the fundraising dollars they help identify, it becomes clear that an investment in prospect research yields a significant return.

BEST PRACTICE

1 Capture Ticketing Data to Identify Donor Potential

Arts and Culture organizations have a unique pool of individuals in their ticket purchasers who are already demonstrating a genuine interest in the mission and work associated with their organization. These ticket buyers are already contributing to the organization's revenue stream and represent a natural prospect pool. Once these individuals have purchased tickets and walked through your doors, you already are presented with a far greater advantage—they are engaged and interested in the offerings of your organization. Now they must be cultivated while their interest level is high.

Although many offer free admission, the majority of Arts and Cultural organizations issue tickets for performances, concerts, gallery admissions, and the like representing an opportunity to capture useful demographic information. An organization that is active in growing both its membership and donor base should be collecting this information and using it to build a pipeline for membership and possible future donor development (see Best Practice # 2 for definition of membership).

Of all those surveyed respondents that are currently capturing demographic data through ticketing and have a process in place to conduct prospect research on these individuals, roughly 51% made their fundraising goal last year. It is logical that this is a crucial first step to building a connection with individuals who already have an "affinity" with your organization.

Leverage Captured Information for Fundraising

High performing organizations usually have a strategy for harnessing the information collected during ticketing. Even free admission institutions like the Smithsonian Institute of Museums find creative ways to capture a portion of demographic data from the majority of visitors as this information is germane to prospect/donor screening. Visitor kiosks placed at entrances are one creative way to identify geographies which have a significant number of constituents or potentially higher incomes and real estate values. Surveys are another way to creatively capture information without a seemingly

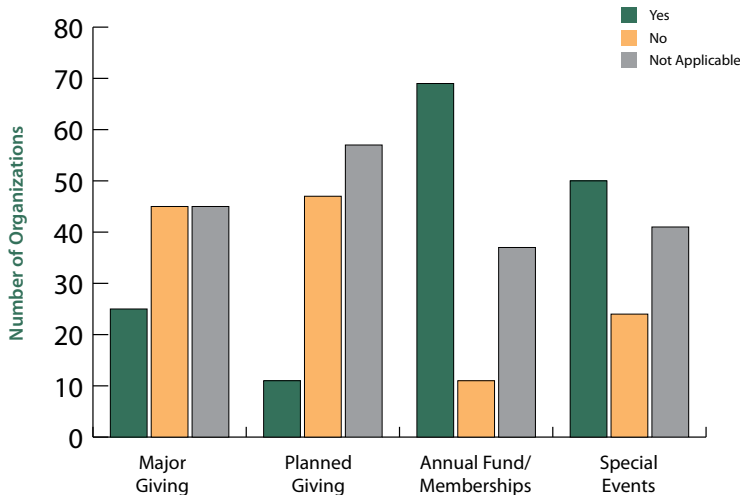
direct solicitation. Online ticket purchases offer another capture method for many organizations providing the name, address and emails for online purchasers. This information is then used for targeted emails, newsletter and membership mailings. Forms collected from public lectures and hosted events provide key elements of contact information for those organizations that do not incorporate ticketing. The key is utilizing the data captured efficiently and effectively. Conducting wealth screenings of these individuals allows the Development office to better understand and segment individuals, and appropriately cultivate those that have Major Gift potential. Utilizing the ticketing information to create a continuous prospect pool is a key element of successful development strategies.

The information captured from ticket purchases should be incorporated into the prospect research process and ultimately into the solicitation of gifts in order to fully realize the value of the information. Of those survey respondents that indicate they are capturing demographic information, roughly 79% found the information gathered to be a useful tool for cultivating members into donors and increasing annual giving. Furthermore, 49% of these organizations met their annual fundraising goal.

Survey respondents who collect ticket data indicated that information gathered via the ticketing and admission process is the best means of segmenting their constituents and building a prospect base for all levels of fundraising from Annual Fund to Major Gifts (see chart on the next page). The majority of these organizations saw large increases in attendance of special events by individuals they captured through ticketing data. Those organizations that incorporated these individuals into their Annual Fund request or Membership drive identified the greatest potential helping them reach their fundraising goals. Though some of these organizations saw increases in both Major Gifts and Planned Giving, the findings pictured below are indicative of the greater need to cultivate these prospects.

BEST PRACTICE

Fundraising Areas Increased by Capturing Ticket Data



The majority of Arts and Culture organizations utilize a ticketing process for admissions and attendance. It is important to recognize the segment of the industry that does not incorporate ticketing in their admissions process. This segment should model themselves after High performing organizations such as the Smithsonian discussed earlier and find creative ways to collect the information otherwise captured in ticketing. In the above chart this segment is represented by those organizations who responded “Not Applicable.”

The challenge with ticketing and admission information for building a donor pipeline is that individual information may not all be gathered as part of the transaction process. This is true with pure cash transactions. Many third party ticket vendors do not provide individual information to the institution with whom they are contracted, especially as it relates to information collected via credit card transactions.

We asked in the survey if organizations were capturing any financial or demographic information as part of the admission and ticketing transaction process, and found that the majority, 42.9% replied no, 37.8% replied yes, and 19.3% said ticketing was not applicable at their organization, thereby making data capture difficult if not impossible. These results show that many organizations are missing a critical opportunity to capture new prospects for fundraising.

Build a Prospect Pipeline from Ticketing

Amassing the information is not enough; a plan should be instituted to identify the potential within this segment to encourage donations from this group of individuals. This is best handled through an interactive process that is guided by a strategic plan. Many performing arts organizations who participated in our focus groups indicated that identifying multiple single ticket purchasers and moving them to a subscription plan is the first step toward securing a donation. Once they are a season subscriber or regular patron, the individual is encouraged to join at a membership level. At this point systematic prospect research becomes critical and a process for it needs to be established.

Once an individual enters an organization’s database universe through ticketing, presumably key demographic data (name, address, email etc.) would be passed on to the prospect researcher who identifies more information about that individual’s wealth attributes, affinity for the arts, giving history and gift capacity. The prospect researcher then applies segmentation according to the individual’s propensity and passes major gift prospects to the development team for cultivation. Those with less capacity or where major gift potential cannot be determined are held for annual fund solicitation. Fifty-two percent of respondents indicated that they measure the conversion of admission and ticketing information to membership.

The percentages outlined in table below point to progress in the number of audience members that are captured and converted to members or donors. The large gap in conversion rates point to room for improvement.

Many high performing Arts and Culture organizations are on the right path, digging deeper into the information captured in the ticketing process. All organizations should recognize the wealth of information that lies within their ticketing data and leverage that information to build their donor and membership pipelines.

Best Practice Bottom Line: Capture ticketing information and use it to build both membership and donor pipelines.

Conversion Rates from Ticketing/Admission amongst Survey Respondents

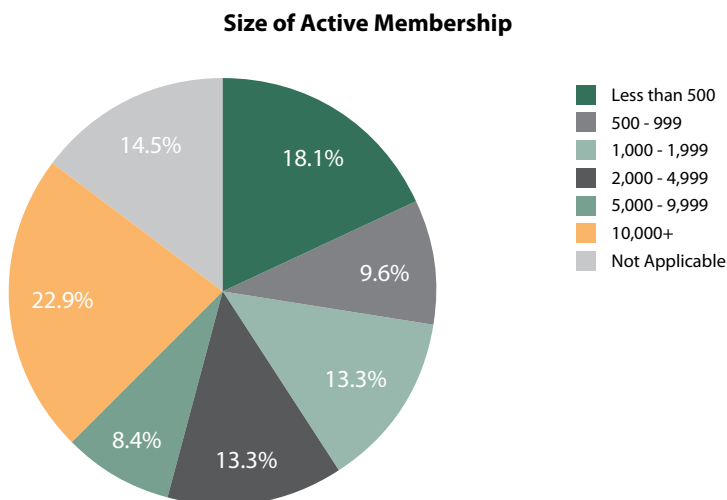
Percentage of Conversion Rates	0%	1% - 19%	20% - 39%	40% - 59%	60% - 79%	80% - 99%	100%
From admissions/ticketing to membership	0.0%	66.7%	28.6%	2.4%	2.4%	0.0%	0.0%
From admissions/ticketing to donors	6.7%	75.6%	6.7%	4.4%	2.2%	4.4%	0.0%

2 Leverage Membership to Fuel Your Donor Pipeline

Defining Membership

The lifeblood of most Arts and Culture organizations is its members. A member, in the case of Arts and Culture organizations, is defined as an individual who receives benefits for a specific level of donation. Membership levels vary by organization, but there is usually some tax-deductible element to the level. For example, a \$50 membership may carry a \$40 tax-deductible bonus, plus \$10 in ticket discounts. Based on this structure, members and donors can be seen as synonymous; however it is important to keep in mind that for the purposes of this study, a member is a higher level of donor who is participating above and beyond simply making a donation.

Membership is a gateway to building an organization's donor pipeline for a variety of fundraising programs including smaller fundraising initiatives, major and planned gifts. An active and engaged membership gives an organization a base to cultivate and convert members into major gift donors. In fact, 69.5% of survey respondents indicated that their organization had some sort of membership program. Membership programs range in size from Individual programs, Individual +1, Family and Household, Corporate, and Multi-level programs. The majority of our survey respondents have inactive membership size that ranges from 500 to over 10,000 members. The chart below shows roughly 23% have a membership larger than 10,000 members.



Leverage Memberships to Fuel Major Gift Programs

Having a membership program in place is important but if it is lacking a clear directive and strategy for moving members higher on the giving ladder it may be time to reexamine your program's benefits. The benefits of membership are to regularly engage people in the mission of your organization and then to encourage them to support it financially. An organization must achieve the correct balance of interesting and enticing incentives, while still being able to encourage giving. Member benefits include a wide range of offerings depending upon different levels of membership. Benefits include: discounts, valet parking, special events, backstage tours, post-performance receptions, event privileges, gift store discounts, educational seminars, magazine subscriptions, and free admission.

Just as you want to move ticket buyers up to various donation levels, you want to move your members up as well. A strong membership program will keep an active pipeline and work seamlessly with development, giving you a constant pool of individuals ready for cultivation. Screening your members is an important aspect of maintaining this pipeline. Wealth screening will provide you with deeper insight into the giving potential of the individual and help you segment them for optimal giving.

Renewing members is just as important as adding new members to your organization. Survey responses reveal roughly 34% of organizations achieve a renewal rate of 50%-75% annually.

BEST PRACTICE

Create a Growth Plan

One of the main challenges with membership is knowing how and when to ask members to increase their donation level. This is often accomplished through careful planning where the membership program fits into larger organizational plans and goals to support the organization's mission. Creating a membership plan is advised even if an overall institutional development plan does not exist. Roughly 50% of the respondents are successfully upgrading 1%-19% of their members to a higher membership and/or donation level each year. Our survey indicates that only 36% of the organizations responding currently have a process in place to move annual members up to long-term major donors. This gap in the plan for upgrade, and upward movement can be remedied by conducting regular screenings and utilizing online tools to uncover not only the financial potential of your prospect, but their potential interests as well. For example:

Jane Smith has been a member at your \$250 individual level for two years, and has participated in several family events held at the organization. Utilizing a tool such as FindWealth OnlineSM, the development office identifies that Jane Smith and her husband, Jonathan have a gift capacity in the \$100,000 range. Additionally, the household profile reveals that there are two young children in the house. Looking at your membership program, you engage Jane and promote your \$500 family level membership and begin talking with the Smiths about the funding needed to sustain the family education and entertainment programs your organization provides, which has exclusive benefits geared toward family education and entertainment.

Moving Jane Smith to a new membership level and incorporating her family into the benefits of her giving helps her invest in your organization. With proper cultivation, this member could make a major gift.

How do I find household information?

Identifying household information such as age, marital statistics and family size can be difficult without the right tools. WealthEngine's FindWealth Online incorporates information from the Acxiom database to create a Household Profile for individuals searched. This profile contains information such as the primary individual's marital status, gender, occupation, age, estimated income, as well as the number of adults in the household and whether or not children are present. This information will help you build comprehensive profiles on your prospects, giving you vital information for the cultivation process.

Best Practice Bottom Line: Utilize the membership program and leverage participation to increase your donor and major gift pipeline. If no membership program exists, consider building one as a prospecting tool.

BEST PRACTICE IN ACTION

Center Theatre Group

Thinking Outside the Box: Center Theatre Group Builds a Prospect Pipeline with a “Fringe” Group of Young Professionals



According to Liz Lin, Director of Donor Communications at Center Theatre Group (CTG) in Los Angeles, one of the theatre company's main challenges when it comes to prospect research is finding new donors. CTG is a unique nonprofit organization that supports three different theatres – the Mark Taper Forum, the Ahmanson Theatre and the Kirk Douglas Theatre all under the artistic leadership of Michael Ritchie. These three theaters share an average annual audience size of 500,000. Each theatre presents distinctive programming, and donors enjoy benefits and access to all three performance venues. About a third of CTG's donors attend all three theatres during a given season.

CTG's overall operating budget is approximately \$50 million, with 28 percent of their annual income coming from contributed income and the remaining 72 percent coming from ticket sales. Of the total amount raised, approximately 70 percent is from individual donations and the remaining 30 percent comes from Corporations, Foundations, and Government. CTG's Major Gifts program started in 2005 and was later enhanced with a WealthEngine screening of 8,000 donors to identify major gift prospects. Since their screening, CTG has utilized the Circle of Friends feature of FindWealth Online to identify connections between donors and members of their board. Armed with this information, the development team leveraged board members' relationships to build their pipeline of donors – a practice they continue today.

“We segmented by the Propensity to Give (P2G™) score which helped us target our major gift prospects. Then we integrated our WealthEngine results into our Tessitura database which allowed us to track ticket sales and organize any other data more clearly.”

Jennifer Ryen, Major Gifts Coordinator,
Center Theatre Group

Involving the Board

“As we assessed our donor base, we knew there was a need to increase our pipeline of younger donors,” said Lin. About two years ago CTG decided to hold an individual giving retreat with their Development staff to analyze their donor groups and explore ideas for new areas of growth. “We realized rather quickly that we needed to cultivate younger donors,” said Lin. “Some asked our key donors and Board members to leverage their connections and find young professionals who would be interested in developing a membership program targeted to a younger generation (or audience). We then hosted focus groups with these young individuals and used their feedback to implement a new membership group targeted at young professionals.”

Fostering Philanthropy in the Next Generation

In July 2009, CTG launched The Fringe at CTG led by Ryen and Ana Rose O'Halloran, Communications Coordinator. The Fringe is a group of young professionals who love theatre and understand its importance in the community. Members of The Fringe at CTG have the opportunity to explore theatre with their peers in an engaging atmosphere while raising awareness and funds for CTG's New Play Production initiative. The goal is to foster future subscribers, donors and community leaders at CTG.

CTG's Board of Directors saw an opportunity to attract younger donors to the theatre and introduce them to the concept of philanthropic giving by having them serve on a Board. With this concept, a volunteer leadership Board for The Fringe at CTG was implemented. Today, it consists of 11 members. “We've leveraged our Directors' relationships and WealthEngine's Circle of Friends feature to identify and reach out to promising young executives in Los Angeles,” explained Lin. “This network strategy is helping us to grow our future donor base.”

BEST PRACTICE IN ACTION

Most members of the Fringe leadership board are in their mid-20s to early 40s. Eventually CTG hopes members will self-identify and transition from The Fringe at CTG to the next donor giving level. So far they have received a gift of \$1,000 from a Fringe member who had previously never given. The expectation is that by engaging members at a younger age, they will continue to support CTG as their careers evolve and their giving capacities increase. CTG uses FindWealth OnlineSM to re-search members and prospects of the group. When new members join, the staff tries to learn as much as possible about them such as where they work and what they do. “A lot of the information we gather is through internal conversations. Pertinent information, and the member’s associations with other CTG donors is then entered into our Tessitura database,” said Ryan.

The Fringe membership costs \$300 and includes a \$100 tax-deductible donation which makes each member a *Guild Donor* at the theatre. The donation serves as a way to introduce members to the idea of charitable giving. The Theatre has realized a 36% increase in donations from the The Fringe as membership grew from 15 to 42 in one year.

With the creation of The Fringe, Center Theatre Group has increased their visibility with younger community leaders while also educating them about supporting the arts. In a short period of time, The Fringe at CTG has increased younger patrons’ involvement in the arts and encouraged CTG’s board members to support and network with the future donors of CTG. The Fringe at CTG can serve as a unique and creative model that connects the arts, philanthropic giving, leadership and social networking.



BEST PRACTICE

3 Leverage Your Board to Build an Inner Circle

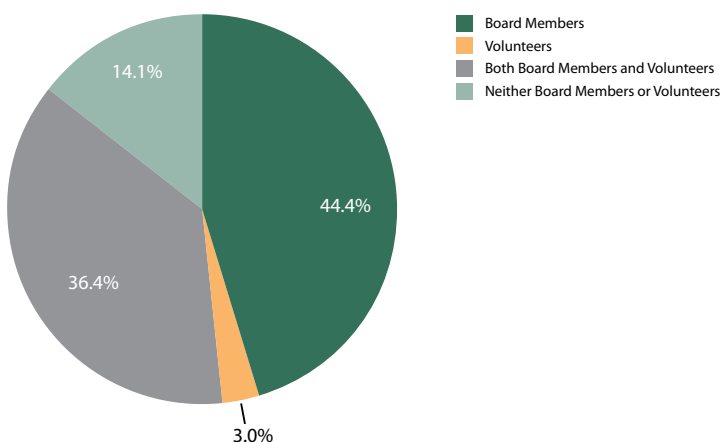
The Role of the Board

Identifying the right Board members is integral to the success of any nonprofit. Generally speaking, the purpose of a nonprofit Board is to advise, govern, oversee policy and direction, and assist with the leadership and general promotion of an individual organization so as to support the organization's mission and needs. A less obvious but clear responsibility of a Board member is also to support the organization financially and encourage others to do the same.

For Arts and Culture organizations, the ideal Board candidate meets the above requirements and also has a "Circle of Friends" that shows similar giving capacity and inclination toward the Arts. This is known as the Board member's portfolio or solicitor's list. While participation in the cultivation process of these lists varies from Board to Board, it is expected that the Board member will assist in making the appropriate introductions and pave the way for the development team to cultivate the individual. In some cases, this agreement is contractually outlined. In all cases, it is fully understood.

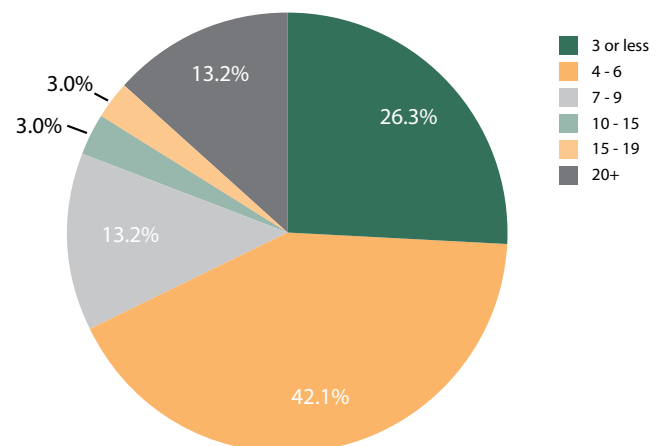
When asked if organization's trustees and/or volunteers actively engaged in the fundraising process the majority of the organizations indicate involvement:

Board and Volunteer Engagement



Of the roughly one-third of Board members who carry an active portfolio, the portfolio size varies greatly:

Average Board Member Portfolio Size



These board member portfolios are an integral part of any organization's fundraising ability, as they represent a core component of a prospect pipeline. When identifying potential Board members, it is important to examine their giving capacity, and their professional and social circles. Once an organization recruits the right Board members and prospects are passed from their circles to staff, researchers can begin the wealth profiling process ultimately leading to strategic segmentation and cultivation.

CAUTION: Thinking of your Board members as a continuous fountain of money can be detrimental to your overall fundraising strategy. Focus group participants emphasized the need to be wary of donor fatigue as it pertains to Board members. Some groups combat this risk with term limits, ensuring that new members cycle through the board regularly. All participants indicated that peer screening was another way to ensure a full pipeline with major donor prospects, alleviating the fear of the Board becoming the sole Major Gift pipeline.

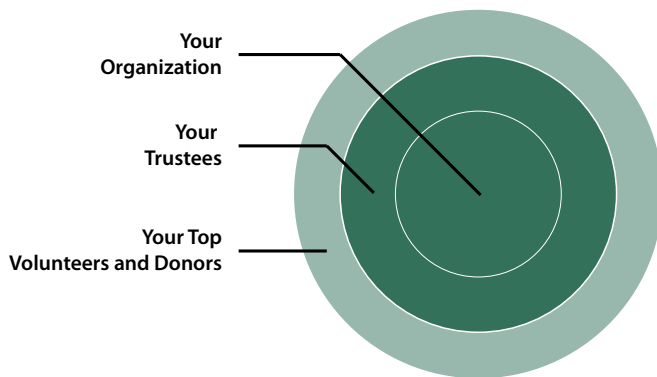
BEST PRACTICE

Identify and Build Your Inner Circle

First, it is important to define the concept of an Inner Circle; that is the group of people closest to your organization who are already demonstrating a strong commitment to the mission and goals of the organization. The Inner Circle includes, but is not limited to:

- Board Members
- Staff
- Major Donors/VIPs
- Volunteers

Inner Circle



Your Board members are already investing their time and resources to your organization. The staff knows the ins and outs of your organization and may have spousal or family connections to other sources of funding. Major Gift donors and VIPs are already investing a substantial financial commitment to your organization and likely interact with individuals who share similar interests. Finally, volunteers have a vested interest in the success of your organization and programs, and likely associate with others who demonstrate that loyalty within the community. Identifying these individuals, building stronger relationships with them and bringing them into your Inner Circle will allow you to grow your prospect pipeline in a deeper, more meaningful way.

"In looking at the previous year's fundraising goals I knew we needed to refocus and increase individual giving to alleviate our Board of Trustees from having to make up the difference. I noticed right off the bat that we weren't retaining donors and I knew we'd have to work hard to reverse that trend by maintaining our donor base with active engagement with the symphony."

Tracy Tajbl, Vice President of Development,
Colorado Symphony

Screening to Find Your Inner Circle of Friends

A wealth screening helps you determine giving capacity for each individual screened, helps you expand your prospect base through your Inner Circle's, Circle of Friends and helps you segment and prioritize your donors and prospective donors. The Circle of Friends represents those individuals with whom your Inner Circle members share a common connection or point of interest. By identifying your Inner Circle prior to screening, you will easily be able to recognize these commonalities, and capitalize on the established individual relationships to cultivate a relationship with your organization.

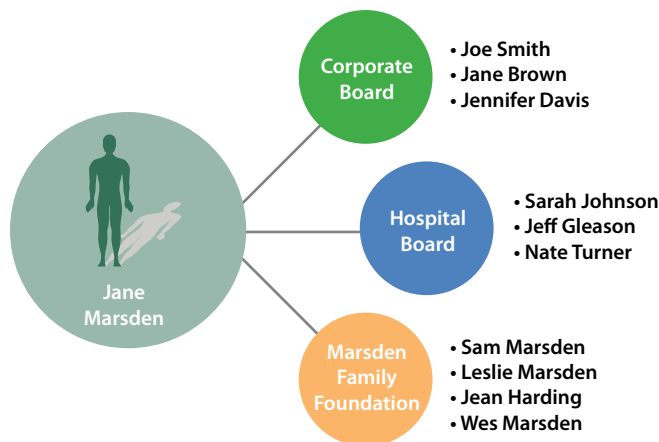
BEST PRACTICE

An Example of the Inner Circle and Circle of Friends in Action

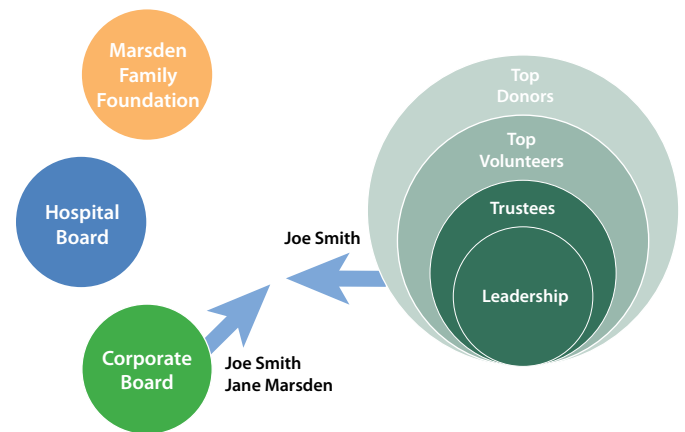
Let's assume that through a recent wealth screening, you identified Jane Marsden, a longtime member of your museum, as a major gift prospect. Jane's profile also reveals that she sits on several boards including a local corporate board. Having screened your own Board members as part of your Inner Circle, you see that one of your museum Board members, Joe Smith, sits on the same corporate board as Jane Marsden.

By establishing this connection, you have created a cultivation opportunity and you naturally ask Joe to introduce your Major Gift Officer to Jane Marsden at your next museum member event.

Circle of Friends



Circle of Friends/Inner Circle



By leveraging the individuals in your Inner Circle and their respective Circle of Friends establish connections which help build an active portfolio for your Board members. As the staff works with the Board to build meaningful relationships established through connections, your prospect pipeline will flourish with individuals primed and ready for cultivation.

Best Practice Bottom Line: Be diligent and strategic in recruiting Board members as each represents a powerful fundraising resource.

BEST PRACTICE

4 Invest in Screening

Prospecting Basics

To start, it is important to understand and define Prospect Research in order to implement it into your fundraising strategies:

“The mission of prospect research is clear. Prospect research’s mission is to use the first philanthropic dollar raised to efficiently identify the next. The essence of the research mission is simple—efficient dedication to uncovering the possibility of the largest gifts an institution can realize. The math formula is that one dollar spent on research reaps many, many more dollars raised in gifts.”³

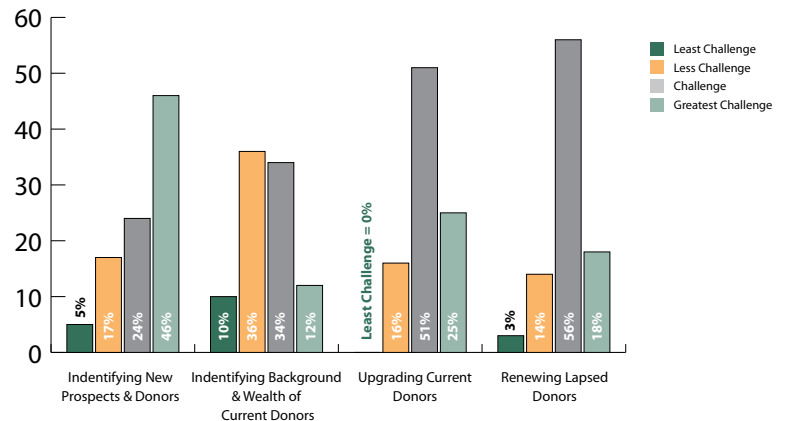
“The development of rigorous industry, peer company and internal analyses rests, in large measure, on the availability of good information. Frequently, organizations spend too little time on data collection because they believe, mistakenly, that all important information is already known. This is a dangerous assumption. Basing a plan on conventional wisdom rather than facts can lead to unrealistic, ineffective strategies.”

Michael M. Kaiser, Kennedy Center President,
Strategic Planning in Arts: A Practical Guide

When asked to rank their organization’s primary prospecting challenge, 83% of the 92 respondents to the survey question indicated that “upgrading current donors” was a significant challenge. This points to an important aspect of a prospect researcher’s role—identifying insights. This requires uncovering information on an individual’s wealth as well as their associations and affinities, information readily available through a wealth screening.

Next, 76% of respondents listed “Identifying new prospects/donors” in the same category. As discussed earlier in this report, Arts and Culture organizations have a unique base of individuals who contribute to an organization’s income through ticket purchase and this base is largely untapped (see Best Practice # 1). Screening these individuals can provide valuable insight into the giving potential of a group of individuals who already have an affinity to your organization, answering the struggle to find new donors and prospects.

Primary Prospecting Challenges



Without the appropriate tools, prospect research can be a time consuming and imprecise process, involving multiple web-searches, word of mouth information, and a good amount of guess-work. This can all lead to false impressions, incorrect information and even worse, fundraising goals unachieved. Screening eliminates the guess-work and results can significantly increase the levels of Major Gifts, Planned Giving, Annual Fund, and Direct Mail. A total of 58 respondents answered the survey question regarding how they segment their survey results for development strategies.

Areas of Fundraising Operations where Screening Results are Employed

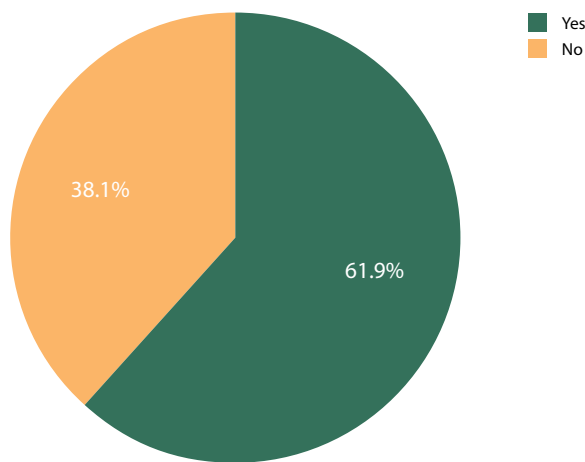
AREA OF FUNDRAISING	PERCENTAGE USING SCREENING
Major Gifts	91.4%
Annual Fund	63.8%
Planned Giving	32.8%
Peer Screening	27.6%
Special Events	25.9%
Direct Mail	25.9%
Corporate & Foundation Relations	20.7%
Membership Acquisition	19%

BEST PRACTICE

Benefits of Wealth Screening

A clear picture of a prospect is more than just the bottom line dollar amount of their giving capacity. In order to move your members and donors up the ladder, you need further insight. This report has already discussed the associations and connections to your organization's VIPs that can be uncovered in a screening (See Best Practice #3 for Inner Circle). Of the participants in our survey, 62% have conducted wealth screening.

Organizations Conducting Wealth Screening



Wealth screening allows the research staff to segment the prospect pool and better assess the size of gift potential before moving a prospect into the development pipeline. Some valuable insights gained from a wealth screening include:

- Giving Capacity – How much could your prospect donate over a five year period?
- Multiple property addresses – Does your prospect own vacation or rental properties?
- Age – Is your prospect ideal for a planned giving proposal?
- Stock Holdings – Has your prospect recently had a liquidity event?
- Charitable Giving History – How much is your prospect giving to other nonprofit organizations?
- Business Ownership – What size and type of business does your prospect own?
- Board Affiliations – Does your prospect participate on any boards? Have they in the past?
- Household Data – Is your prospect married? Are there children present in the house?

On top of the profiles created for the individuals included, a wealth screening will segment your prospects giving the research and development teams a clear direction for cultivation. Scoring mechanisms, such as WealthEngine's Propensity to Give (P2G) score, break down screening results by financial capacity and the inclination of an individual to give charitably.

What is the P2G?

Screening donors and/or prospects provides enormous insight into their ability and likelihood to give your organization. To give meaningful context and segmentation to screening data WealthEngine developed a unique Propensity to Give (P2G) scoring system which prioritizes individuals by capacity. Using the P2G scores, organizations can effectively and efficiently focus fundraising efforts on these with the greatest giving potential, while also maintaining communication with other prospects who may grow into major givers.

Armed with more insight from a screening, the Development team has several ways to approach a prospect. For example:

Frank Brown has been a subscriber at City Theatre for five years, and never donated. For the first time, this year he attended your annual gala fundraiser. A post-event wealth screening reveals that Frank Brown is:

- 70 years old, with no indication of a wife or children
- His Planned Giving rating shows an estimated giving capacity in a bequest of greater than or equal to \$100,000
- Owns a property in the Florida Keys in addition to his permanent address
- He was on the board of his alma mater, University of Connecticut
- He recently sold 10,000 shares of stock
- He is giving annually to:
 - the regional symphony (\$1,000)
 - the University of Connecticut (\$3,000)
 - the local hospital (\$500)

BEST PRACTICE

Based on Frank's age, planned giving rating and philanthropic giving history, the researchers pass Frank on to the Development office for planned giving cultivation. In Frank's acknowledgement letter for his \$750 gala ticket purchase, the development office includes a hand-written note regarding a staff connection to the University of Connecticut and also includes planned giving materials. A follow-up phone call secures a lunch with the fellow University of Connecticut alumnae and a City Theatre Board member. Careful cultivation over the next year results in a \$25,000 planned giving pledge for City Theatre.

The benefits of screening are clear and reveal that the efficiency and ultimate outcome of an organization's development strategy will be directly and positively impacted by wealth screening.

Deciding Who to Screen

A great place to start is with the individuals who are participating, regularly engaging and investing in your organization - your active membership. In many cases, you may already have a fledgling relationship cultivated with a member which, combined with wealth screening information, allows you to accelerate the cultivation process and better understand an individual's giving capacity. For performing arts organizations subscribers are another group to consider, particularly those long-time subscribers who have built a relationship as an audience member. Special events provide another pool of individuals who are interacting with your organization at a higher level and represent potential for long term and major donors. Finally all groups should look at their consistent donors, those individuals who give year after year. Wealth screenings of this last group may uncover hidden major gift potential, alerting the development staff to an opportunity for further cultivation.

Of the roughly 62% of respondents that screen their constituents, their methods of identifying prospect pools to include in the research vary widely. There is not a "one size fits all" to screening methodology. When asked how many records were submitted for screening within the most recent year, roughly 29% of our 85 respondents to this question submitted between 1,000 and 49,999 records for screening and 22% screened 1,000 records or less. The smallest group, 12%, screened 50,000 records or more. While this shows a large disparity in total records screened it does disclose that the majority of organizations are in fact screening - a positive trend. Organizations are encouraged to base their screening methodology on what criteria best fits their audience. An organization's screening criteria could include: ticketing preference, demographic information, donor history, first time giving, new subscribers, new single ticket buyers, and major donors.

Frequency of Screening

Just as important as deciding who to screen is the question of how often to screen. Of those organizations surveyed that conduct screenings, the majority of organizations screen every three to four years; the smallest segment of respondents screen multiple times a year. The argument can be made that certain Arts and Culture organizations are in a position to screen more frequently based on the influx of visitors, such as performing arts organizations and museums. Large performing arts organizations see a new audience for each performance offering, representing small batches of individuals who should be screened, segmented and tapped for donation on a rolling basis. In contrast, a large museum that has a steady stream of consistent visitors could choose to break up their screenings quarterly, insuring that the research team and development office do not become overwhelmed by a large volume of prospect records from a single batch screening. Smaller organizations across the board may not have the foot traffic, budget or staff size to warrant multiple screenings a year. These organizations can screen less frequently in batch form, allowing for time to build a screening list and time to cultivate prospects identified and segmented by the screening.

The case for screening is seen in the black and white numbers of our online survey respondents. Of the individuals who responded to the question regarding meeting fundraising goals, 54% indicated they met the fundraising goals set for the previous fiscal year. Drilling down further, 62% of these respondents conducted screenings. The clear case is seen in the fact that two-thirds of the organizations met their fundraising goals and conducted at least one wealth screening. This success rate points to the important correlation between screening and overall success.

Best Practice Bottom Line: Implement routine screenings to maximize fundraising effectiveness.

BEST PRACTICE IN ACTION

Colorado Symphony

Increases Individual Giving and Brings Donors Back into their Seats with Music



the colorado symphony

When Tracy Tajbl took on her new role as Vice President of Development at the Colorado Symphony, she knew the Development Department needed a re-design. Tajbl only had nine months to improve and reach their fundraising goals for the year. “In looking at the previous year’s fundraising goals I knew we needed to refocus and increase individual giving. The Board of Trustees was suffering from donor fatigue and we were at risk of losing quality board members. I noticed right off the bat that we weren’t retaining donors. I knew we’d have to work hard to change the processes by engaging our donor base directly with the symphony,” says Tajbl. She determined that a public campaign would be the most efficient way to achieve this goal.

Collaboration

To begin the launch of their campaign they worked in conjunction with Colorado Public Radio, the local NPR station. They kicked off the beginning of their campaign with a three day on-air fundraising drive. “The campaign launch with Colorado Public Radio proved to be a great springboard for publicizing our individual giving campaign. It generated interest and donations from many lapsed donors and increased their engagement with the symphony. As we received donations over the air, members of our individual giving team used FindWealth Online to look up new donors and strike while the iron was hot by connecting with them through invitations to special cultivation events.”

Under Tajbl’s leadership their methodology worked well. They decided to focus their time and energy on an area that would return immediate results with the limited resources and time they had available. Over a nine month period they increased their active donor pool by 101%. Their public goal was to raise \$1.2 million from individuals, but they set an internal goal to raise \$1.5 million. The ultimate outcome was \$2.1 million total dollars raised, a significant increase over both the public and internal goals set.

“I believe the magical formula for arts organizations is peer to peer solicitation; you’ve got to connect with the community and your donors by providing them with social activities to engage and connect them with others who are interested in the Arts.”

Tracy Tajbl, Vice President of Development,
Colorado Symphony

Strategy

- Historically, the Colorado Symphony has underperformed in individual giving resulting in an overreliance on board gifts at end of year.
- Broaden the pool of donors by focusing on untapped potential from lapsed donors, current subscribers and ticket buyers.
- Implement high-impact donor cultivation and stewardship events to ensure donor retention and position the symphony as a top philanthropic priority.
 - Create donor cultivation and recognition programs that will connect contributors to the Symphony and musicians to build loyalty

Tajbl explains, “I had previously used WealthEngine at the Baltimore Symphony Orchestra at Strathmore. I knew the first step to reaching our goals in such a short timeframe would be to conduct a wealth screening of our database. We sent a total of 5,000 records comprised of our long-term subscribers and multi-single ticket buyers to be screened.”

BEST PRACTICE IN ACTION

Results

Screening subscribers and multi-single ticket buyers has yielded some of the best prospects based on their affinity and relationship with the symphony. “Our screening identified our first tier of 358 major gift prospects which we broke down into individual portfolios for the CEO, our two individual giving team members and me. The second tier of our screen-ing identified prospects who are either not currently donors or who are giving very modest gifts to the Symphony, but who have the capacity and purchased tickets in the past. We decided to create a sense of community at the Symphony for these individuals to reengage them and jumpstart the cultivation process.” In order to create a community, they evaluated their donor benefits program and redesigned it to create more educational events like lectures around the Arts and music, cocktail receptions, and invitations to rehearsals. The overall conceit was this group comprised of arts and music lovers would appreciate more opportunities to engage on an exclusive level with members of the symphony. In the past, the Symphony had never raised more than \$1.2 million in a year from its individual donors. By conducting a wealth screening and implementing new strategies in 2010 they realized a 103% increase in total individual giving over 2009. Based on this drastic increase in a short period of time and confidence in new development strategies, the Symphony increased its individual giving goal to \$2.3 million. “Our early results show that purchasing WealthEngine as a prospect research tool has been the best money we’ve spent all year. My CEO and key board members know WealthEngine by name and now have an idea of the methodologies used,” says Tajbl.



The chart below shows the Symphony’s total individual giving levels over the last five years and the drastic increases in giving as a result of their 2009 wealth screening. By implementing new practices, the Symphony has grown their donor base by 101% in one year.

Fiscal Year	Total Individual Giving		Total Donors	
2010	\$2,194,866	+103%	5,927	+101%
2009	\$1,081,655	-13%	2,957	-13%
2008	\$1,232,446	+8%	3,102	+8%
2007	\$1,141,629	+6%	2,704	-22%
2006	\$1,073,297		3,454	

BEST PRACTICE

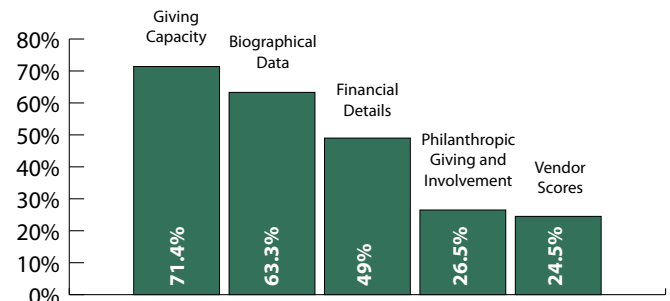
5 Manage Your Data Proactively

Tracking the trends of your audience base is an intrinsic part of the day-to-day strategy of any and all Arts organizations. Ensuring there is a returning audience continues to drive the earned revenue portion of an organization's budget. Knowing and understanding your audience is crucial to driving visitors through the doors and building a strong prospect pipeline for membership and development. The initial problem most organizations have is effective management of this tracked data. Ideally, Arts organizations will have one system to track ticketing, membership and donors. Of our survey respondents, 70% indicated they currently use a donor management system (DMS) to capture their data. This enables them to better manage members and cultivate donors and prospects. Of the responding organizations many indicate that they are not using one system to manage data from ticketing, membership and donor tracking. The issue to keep in mind with this scenario, is that each of the organization's departments (eg: box office, marketing and development) continue to cross reference individuals. This leads to inefficiencies across departments of an organization that should be effectively communicating, tracking and combining resources and knowledge of their individuals. Tessitura is one example of a ticketing system which also serves as a DMS, allowing organizations to keep track of all groups in one centralized environment.

Integrating Results

A comprehensive donor management system is a must to ensure that the data is understood and utilized effectively within an organizations fundraising strategy. It is also a proven method to raise the profile of the research function within the broader organization. One of the most significant ways to increase the value of the data from a wealth screening is to integrate the results into your DMS. The DMS allows the staff to compile information on all donors including their contact information, giving history, special event attendance, ticketing history and other interactions with the organization. As the chart to the right shows, survey respondents who integrated screening results into their DMS largely imported giving capacity values, and biographical information.

Screening Data Elements Imported into DMS



The ratings and scores provided through a wealth screening are part of the key data set that should be imported, enabling your organization to properly segment constituents based on their overall capacity and inclination profiles. Having wealth, asset, and donor activity information within the same system enhances the ability of the assigned development officer to ensure the correct prospects are cultivated efficiently. It also allows for quick identification of new prospects that should be moved along the pipeline or targeted for an increased donation amount.

Develop an Implementation Plan

Organizations that successfully use screening data in their fundraising operations have a plan in place to guide and streamline their process. The implementation plan is a multi-faceted approach covering all aspects of data implementation, defining the who, what and how of the fundraising operation. As we saw in the previous Best Practice # 4, screening must be a key component of an organization's implementation plan. The implementation plan should be developed and flow from the organization's strategic plan and mission.

In addition to tracking specific constituents data integration alerts staff to fluctuations of a prospect's assets and their organizational involvement over time. Respondents who answered our question about which DMS they use mentioned DonorPerfect, Enterprise, Sage, Raiser's Edge and Tessitura. Regardless of which DMS application is used, the goal should be to house information on members, prospects and donors in one system.

BEST PRACTICE

This will ensure:

- The organization has a complete view of constituents and their capacity levels
- Donor history such as event attendance, ticket history and involvement is captured
- Segmentation and assignment strategies are based on multiple data sets
- Those with capacity are quickly identified, assigned to a Development Officer and cultivated
- Tasks are assigned and tracked systematically
- Screening results are shared with a broader audience including Board members and Trustees

If all of these practices are implemented, the organization as a whole will benefit from increased knowledge of their donors and better management of their donor's history. Keeping effective documentation and updating a donor's record ensures accurate and actionable results from prospect research.

Best Practice Bottom Line: Collect, track and manage constituent data through a donor management system.

6 Employ Special Events to Uncover Potential

Increasing visibility and interest in your organization is always a challenge, but according to the many Arts and Culture organizations we surveyed hosting special events and targeting your audience yield positive results. Forty-two percent of survey respondents said Special Events are considered an important and integral part of their overall fundraising income. Events bring not only significant fundraising dollars, but also help to bring new audiences and develop new prospects. Special Events can be leveraged in many ways. In fact, 44% of organizations indicated they use Special Events to generate leads and increase their prospect pool.

Various Types of Special Events:

- Galas
- Exclusive Performances
- Board Dinners
- Cocktail Receptions
- Member Only Receptions
- Lecture Series
- Walk-a-thons

Think Out of the Box

Social Media is taking off in the Arts world, as many venues are using it to increase their visibility around events and for attracting new supporters of the Arts. Signature Theatre discussed how they have recently seen a large increase in their following on Facebook and Twitter. They leverage their Social Media tools to inform fans of special ticket offerings, community events and new happenings at the Theatre. Although, Signature has not begun using Social Media as a means of Development, they are using it currently to increase their visibility in the market sector. Online Social Media is also a great way to reach a younger audience. Arts and Culture organizations often struggle to draw new young members. Our Focus Group participants, emphasized the need for Arts organizations to reach out to a younger audience and begin building their membership for the future of their organization.

Encourage Community

Community refers to a group linked by at least one commonality. For Arts and Culture organizations this can be the regional community and/or the community of audience members and visitors. Focus group participants relayed the need to capitalize on the sense of community to help create a sense of ownership. This sense of ownership leads to customer loyalty and ultimately donations, if cultivated appropriately.

One organization with a national scope shared how a board member's concept of a "National Potluck" went from a creative idea, to an annual event. Using the web and its ability to connect all regions despite physical distance, the organization's community came together and raised money. By using social media, and leveraging members, they generated new interest from communities throughout the nation. Another focus group participant, Signature Theatre spoke of their annual Open House as a way to give back to those who give to the theater, both as ticket purchasers and philanthropists.

What is the Signature Theatre Open House

Every Summer, the Washington D.C. region's theater lovers look forward to the annual Signature Theatre Open House. Sara Jaffe, Signature's Director of Development, explains:

"It is a full day where we open our doors and invite the community to experience Signature Theatre with live performances, tours, master classes, class demos for kids, and ticket discounts. There are donation points scattered around the event-site, and some funds are raised during the day as individuals drop a dollar or two, but the day is really about bringing the arts to the people. We offer incentives for tickets to certain performances as well as discounts for subscription packages. In 2010, the Open House event hosted over 5,000 individuals and sold 1,176 tickets totaling \$42,000 in single ticket sales and \$10,000 in subscriptions, a record high for the one-day event."

BEST PRACTICE

The focus group participants go on to stress the need to make donors feel special. Invitations to free events are a great way to give back to your community. Furthermore, organizations must find ways such as online RSVP requirements and onsite surveys to capture data about participants to leverage for screening and prospecting purposes.

Leverage Screening

Wealth screenings can provide insight into your donors and prospects in the types of events they participate in at your organization, as well as at other organizations. Twenty-six percent of our respondents answered that they utilize screening results in their special event fundraising plans. Screening information can point you toward potential event sponsors, individuals who will purchase higher level tickets, and connections for potential corporate sponsorship. This is another example of a good use of the Inner Circle and Circle of Friends feature discussed earlier in this report (See Best Practice #3). Finding the connections and relationships makes it far easier to approach prospects about participation. After your event, it is important to make sure that screening new attendees is a part of the wrap-up process.

An individual who participates in your special event, much like a general ticket buyer, is showing an affinity for your organization and thus should be treated as a member in terms of your prospecting plans. Assuming your ticket price is higher, due to the nature of the special event as in the case of a Gala the prospect is making a greater financial investment in your organization, potentially demonstrating wealth and affinity.

It is typically a good practice to screen event attendees prior to the actual event and develop a strategy for cultivating high value donors and prospects before, during and after the event.

Creative Engagment: Colorado Symphony's Governing Members Group

This is a group of donors who attended social events and traveled together to different arts events, organized by Tracy Tajbl, Development Director for the Colorado Symphony. Their social gathering in 2010, an intimate dinner held at the concert master's home, resulted in new gifts totaling \$20,000. Individual gifts ranged from \$500 to \$5,000 with only twelve couples in attendance. The Development Office researches attendees prior to each event and invites them to enjoy a champagne reception after each show attended.

"By offering these specialized events, many donors now feel a deeper sense of affinity to the symphony. The exclusivity of the group motivates them to give more and allows us to cultivate relationships and move them up the ladder."

Best Practice Bottom Line: Combine special events and screening to uncover new prospects.

BEST PRACTICE IN ACTION

Signature Theatre

Thinking Outside the Box to Identify, Engage and Solicit Donors



Breaking the Mold to Find New Donors

Signature Theatre is a Tony Award®-winning, nonprofit professional theater company with a mission to produce contemporary musicals and plays, reinvent classic musicals, develop new work, and reach its community through engaging educational and outreach opportunities. Beginning in a garage space in 1993, Signature has swiftly become a landmark theater in the DC Region's theatre scene, as well as a recognized player among the nation's regional theatres.

Signature's Director of Development, Sara Jaffe indicates that they have had to "think outside the box for fundraising, breaking away from the traditional moves-management model of turning single ticket buyers into subscribers and then donors." "A frequent single ticket buyer likely feels like a Signature "insider" without becoming a subscriber. We work to find a way to harness that feeling and give them that sense of partnership that leads to support for the theatre."

At Signature they have developed a new, less traditional model for cultivation:

- Identify frequent single ticket purchasers (have interest and affinity to Signature)
- Assess giving potential (research individuals in FindWealth Online)
- Begin cultivation process (invitations to talk back sessions, personal notes on seats, greeting at performances etc.)
- Make the ask

Keeping Development Personal

The development and marketing departments work closely to ensure that donors are not overwhelmed by e-contact with solicitations, offers, and news. The development team has created a strategy to encourage individuals to donate online, by offering incentives such as discounts at the theatre bar. This helps cut down on costs associated with direct mailing, and also makes the donations readily available.

Development Manager, Emily Hill emphasizes, "There are always people who just want to write a check. They want to own the transaction from start to finish, and know that 100% of the donation is going directly to Signature and our programming." Hill is referencing the fact that the quickest route of online donation through Network for Good, takes a percentage of the donation towards their own operational costs. While this operational cost, 3% of the total donation to Signature through the site is minimal, there can be donor resistance to relinquishing a portion of their donation to another organization. Emily and Sara both echo, "The old adage is true – every dollar helps. If you want to send us a check for \$25, or make that donation online, we want to make sure you feel good about helping continue the mission of Signature Theatre."

"Development is so personal, and there is a level of care that needs to shine through with each donor, whether that is a personal hand-written note of thanks, or a specific and targeted ask letter. Moving toward the online arena for donations is a tricky balance."

Sara Jaffe, Director of Development,
Signature Theatre

BEST PRACTICE IN ACTION

Developing and Implementing Strategies

So, how does Signature leverage community for their development strategy? “We have struggled with finding the resources to utilize the data we collect at events like the open house, and during our shows, but we are getting there and have a plan,” says Jaffe. “We utilize FindWealth Online in our day-to-day efforts, screening prospects who may be connected to our Board of Directors and other friends of Signature, and committed single ticket purchasers.” Hill adds, “I always screen anyone who has made an unexpected change in their giving level or a new gift to see what their giving potential is, and if we can increase the size and frequency of future gifts.” FindWealth Online played a large role in Signature’s capital campaign and in the growth of their donor pool from 200 individuals to 1,000 between years 2001-2003.



Now, with several thousand donors, and a rocky economy, the Signature team is once again thinking outside the box for major gift acquisition. “Instead of asking people to make a substantial one-time gift, we are approaching individuals for multi-year gifts. This allows us to project our contributions year-to-year, and relieves some of the stress on the donors.” Ms. Jaffe indicates that this new process for Major Donor solicitation has worked so far, and FindWealth Online’s capacity and Propensity to Give (P2G™) scores help give the development team a better sense of what is an appropriate ask amount.

At the time of publication, Signature has just completed a 1,000 individual screening with WealthEngine and is working to incorporate the results into their donor management system (DMS) and begin analyzing the data. In this screening they included all new donors from last two years, subscribers, and frequent single ticket buyers, but narrowed their list by targeting only individuals from wealthy zip codes. “We see the value of maximizing the screening data to help us focus on building the right relationships and make targeted asks throughout the year. We have created a development strategy to make that happen and are eager to get started,” says Jaffe.

As Signature continues to expand its audience and open doors to the community they will continue to think of strategic ways to engage their ticket buyers and donors and build relationships. Their development model will continue to evolve with changes in the economic landscape and they will continue to grow their community with prospect research.

7 Measure Return on Investment

According to the American's for the Arts survey, the Arts industry generates nearly \$30 billion in revenue to local, state, and federal governments every year. By comparison the three levels of government collectively spend less than \$4 billion annually to support Arts and Culture—a spectacular 7:1 return on investment that would even thrill Wall Street veterans.

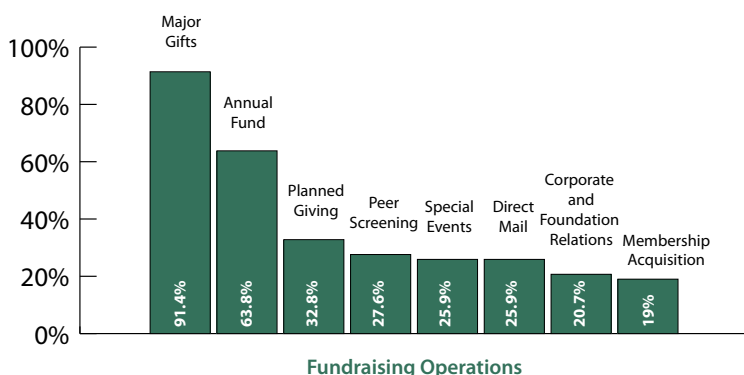
One important measure of fundraising effectiveness is return on investment (ROI). ROI compares net revenue for a particular fundraising activity to the expense associated with that activity. The resulting ratio provides a quantitative measure of the financial benefit achieved. A closely related concept is cost to raise a dollar (CRD), the inverse of ROI. CRD is a more familiar and frequently used measure of program performance in many fundraising organizations.

ROI = net revenue/expense of investment

CRD = expense of investment/net revenue

Organizations conducting screenings, said results were used in their fundraising efforts for major gifts, annual fund, and planned giving most frequently. Screening results were used by roughly 91% of survey respondents for major gift fundraising initiatives. When you compare the cost of routine screening and prospect research to the fundraising amount or dollars they help identify, it becomes clear that an investment in prospect research yields a significant return. Many times just identifying one major gift prospect for cultivation and stewardship purposes will more than cover the costs of identifying them through prospect research.

Screening Results Utilized for Fundraising Initiatives



While the survey shows that organizations are using their screening data to inform specific fundraising strategies, only a select group is measuring their return on investment (ROI). Nearly 40% indicate that they see between 1% and 24% ROI on their efforts. An even more select group, 14%, indicate that their ROI measures above 75%. The nearly 37% who listed their ROI at 0% indicate it is not really a metric that is currently tracked, though several are implementing strategies to begin tracking.

In order for ROI to be a meaningful measure for management, board and other decision makers, it must be calculated independently for different fundraising programs. An annual member mailing outreach, for instance, would achieve a different ROI (and CRD) than a major gift initiative. Additionally, ROI (and CRD) should be calculated and compared over time. A minimum of three years of comparative data is recommended to provide optimal results for analysis of program performance. Roughly 66% of survey respondents listed 5-10 years as their span of time for tracking the ROI of the organization's fundraising strategy. Nearly 50% listed change in number and size of donations received from your prospect research and/or screening efforts as their metric for ROI. Organizations investing in research, and employing strategies to enhance solicitation outcomes based on increased prospect knowledge, will see a spike in ROI (or a dip in CRD) after initiating a research program.

When considering the ROI or CRD for fundraising programs within the Arts and Culture environment, it is important to consider all investments that impact the ultimate return. Prospect research activities, such as individual research, frequent screenings, and large batch screenings of existing donors, are activities that positively impact the organization's ROI because they improve fundraising effectiveness and efficiency.

The object of prospect research is to appropriately identify and segment prospective donors. Good research will illuminate:

- the best contact method or channel (face to face, telephone, email or direct mail)
- the right ask amount for the program most in-line with the donor's affinity

Begin Measuring your Return on Investment

In addition to ROI and CRD, there are a number of other metrics organizations may want to consider monitoring:

- Number of new donors acquired
- Number of donors increasing (or decreasing) their gifts
- Response rates to specific appeals
- Time from prospect identification to gift closure
- Number of touch points from initial contact to gift closure
- Overall number of solicitations or proposals made
- Overall number of closed gifts

Metrics to consider tracking and monitoring that apply specifically to prospect research include:

- Number of new prospects identified by source
- Number of new prospects qualified by source
- Number of new prospects contributing by source
- Number of prospects identified by capacity rating
- Time from identification to assignment
- Capacity vs. target ratings
- Target amount vs. amount received

Organizations calculating ROI or CRD are able to evaluate their fundraising programs, individually and overall against prior year's performance. They are also able to compare their results against similar organizations, and industry standards. The collection and tracking of ROI and other metrics also provides management with the data it needs to forecast results, set reasonable goals and make well-founded resource allocations. The results make the case to your board of the benefits associated with conducting prospect research and screening. In addition, periodic review of key metrics facilitates the implementation of mid-course strategic or tactical corrections.

Best Practice Bottom Line: Measure Return on Investment regularly and use it to inform your near and long term fundraising strategies.

BEST PRACTICE IN ACTION

American Association of Museums

American Association of Museums Drastically Decreases their Fundraising Cost to Raise a Dollar



When Kate Goodall, Assistant Director of Institutional Advancement at the American Association of Museums (AAM) was asked what one of their biggest challenges has been with fundraising she said, “We’ve struggled in the past to move members to donors and with determining ask amounts with new donors. No one wants to leave money on the table or offend a donor by asking them for either too large or too small a donation.” So in 2008, AAM turned to WealthEngine for their prospect research tools and conducted a 30,000 record screening with age overlay to research their members and increase their ask amounts. As part of their realignment efforts to turn current members into donors, screening helped segment their membership base which is made up of both individual and institutional members. “Our current membership consists of 20,000 members; 17,000 make up AAM individual members and 3,000 are institutional members. So you can see that our largest membership base is that of individuals representing the museum industry,” says Goodall.

AAM has been bringing museums and museum professionals together since 1906 as the only professional membership association representing the entire scope of the museum industry. Today there are an estimated 17,500 American museums. The Association represents a broad range of these museums including art, history, science, military and maritime, youth museums, as well as aquariums, zoos, botanical gardens, arboretums, historic sites, and science and technology centers. According to Goodall, “The association acts as an umbrella for all museums and provides support and benefits for these organizations by offering two levels of membership at both the individual and institutional level.”

“When we sent our data to be screened, we marked our Inner Circle to identify any relationships with our Board Members with which we weren’t aware; so that WealthEngine could help us determine which current donors had the highest inclination to give.”

Kate Goodall, Assistant Director of
Institutional Advancement,
American Association of Museums (AAM)

Individual Membership Makeup:

- Registrars
- Educators
- Development Officers
- Museum Curators
- Security Managers
- Trustees
- Volunteers
- Exhibit Designers
- PR Officers

Individual Membership Benefits:

- Networking Opportunities
- Professional Development and Education
- Up-to-date Job Postings
- Access to Peer Groups
- Publication Subscriptions

Institutional Membership is open to museums or organizations that operate a museum related nonprofit organization.

Benefits include:

- Accreditation Program, recognizing museums operating under the highest caliber of standards and best practices
- Operations assessments
- Information Center (extensive library and help desk)
- Publication Subscriptions
- Member Discounts

BEST PRACTICE IN ACTION

Screening Membership

To set up for their initial 30,000 record screening, AAM launched an Individual Membership Acquisition, internally screening recipients based on known wealth information. WealthEngine then identified possible donors and potential upgrades for donors with higher capacity. AAM currently has about 1,000 donors, but their database of 100,000 contacts includes non-members who have attended annual meetings or purchased books from the AAM website. To ensure they were aware of all possible leverage points, the museum sent a robust file to WealthEngine. Fifty-six percent showed the greatest potential for Major Gifts and Annual Fund donations.

Segmenting Results

“We used the P2G™ scores from WealthEngine to find new donors, within our own database and upgrade existing ones. If someone received a score of a 2-5 or higher they were asked to give twice as much as their last gift, and 1-0’s were asked for triple,” said Goodall. This segmentation strategy paid off, as they were able to enlarge the size of their average donations by increasing their ask amounts. Their average gift amount was roughly identified as \$98 dollars and \$1,000 is considered a major gift by their standards.

Segmentation has greatly impacted their direct mail targets as well. Using the screening data, AAM has seen an increase in the amount of donations and a decrease in the costs associated with direct mail. In 2008 their “Cost to Raise a Dollar” (CRD) was \$.39 and now in 2010 after doing a screening and targeting their direct mail initiatives they have lowered their CRD to \$.10 per dollar raised. These results have greatly impacted their overall fundraising budget by lowering costs and increasing revenue.

Screening Segmentation Results

Member Total	P2G™ Rating	Prospect Type
5.8%	1's	Major Gift
6%	2's	Major Gift
43%	3's	Annual Fund

Forecasting Fundraising Goals

Armed with their screening information, AAM set a fundraising goal that was double their 2009 goals. In August 2010, they were on track to reach this goal. With Goodall's direction, AAM has started tracking multiple elements of their membership, donors, and prospect research efforts and now is able to provide further results to show their fundraising success.

Recording the number of gifts, number of donors, net revenue, cost per dollar raised, and number of renewing donors— and whether they've increased or decreased their giving amounts—are all important facets of their tracking process. “We’re beginning to track our return on investment (ROI) by monitoring the change in number and size of donations received from our prospect research and screening efforts,” said Goodall. Since they opened their doors in the early 20th century, AAM’s goal has been to lead by example, developing best practice standards for museums to follow. AAM now knows the importance of prospect research in your development efforts. Additionally, it increases your staff’s efficiency by easily identifying new gift prospects, and reducing your overall fundraising costs over a period of time.

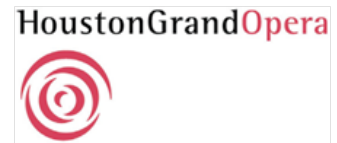
With their continued improvements in increasing membership and donors to its Annual Fund, the American Association of Museums has its highest number of members in its entire history. AAM plans to continue advocating for Museums and the professionals that work in the museum field.



BEST PRACTICE IN ACTION

Houston Grand Opera

Using Prospect Research as the Foundation of Fundraising Increases Contributions by 82% in Three Years



When the Houston Grand Opera's season commences this fall with a new production of *Madame Butterfly*, Larissa Potiomkin will have her prospect pipeline stocked and ready for its own debut. As Manager of Development Information at the Houston Grand Opera, she is a jack of all development trades; performing prospect research, managing the prospect pipeline and soliciting annual gifts. For Potiomkin, it all comes down to the basics, "prospect research data provides direction on whom to target and at what gift level. It's as simple as that."

Investing in Change

Houston Grand Opera brought in a new General Director and Senior Development Director in 2006 after several years of declining membership. This change in leadership also led to a renewed focus on boosting membership and using prospect research for the foundation of a major gift solicitation program. Development staff identified donors and subscribers from the previous two years and screened 16,000 records through WealthEngine. The results were promising: 1,000 individuals from the screening were identified as having a gift capacity of \$100,000 or higher.

Benefits of a Strong Board

The Opera then went to work, first using the data to restructure their board while leveraging wealth attributes to create a strong center of influence and giving capacity. The strategy paid off.

- After implementation of the WealthEngine screening and board level cultivation, giving increased by 44.2% in FY 2008 over giving in FY 2007
- The trend continues, in FY 2009, giving at the board level rose 44.3% over FY 2008

Targeting Subscribers

The Opera also instituted annual screenings to ensure a well-stocked pipeline at the start of each season. In July, Potiomkin screens 400-600 new subscribers so development staff can begin cultivation. Potiomkin explains, "Through the screenings, we can strategize on whom to target before the October season begins. It's our starting point, allowing us to take advantage of critical timing. We're really fortunate to have major gift donors and prospects in our 'home' regularly for performances so we capitalize on the timing to steward them more efficiently and effectively."

The cultivation involves special touches such as backstage tours and dinners, access to the green room, and other targeted non-donor and donor events before performances. Potiomkin uses the screening results to identify gift capacity ratings for current donors and to pinpoint prospects worthy of added research. As well, Potiomkin also uses WealthEngine's FindWealth Online to research key prospects to uncover multiple property ownership, community involvement and the Opera's trustees' "Circle of Friends" so they can expand and leverage known connections.

"When you look at the growth in the total dollars raised, increase in the size of major gifts from donors and steady rise in renewal rates from donors over the past three years since we implemented prospect research, there is an obvious positive return on investment. We've realized a 30-fold return on investment from prospect research, which may sound like a staggering number, but so is our 82% increase in overall contributions. Both are great achievements."

Larissa Potiomkin,
Manager of Development Information
Houston Grand Opera

BEST PRACTICE IN ACTION

Results

Since the Opera began wealth screening three years ago, major gift donors have given at higher levels and overall contributions have grown by 82%. As well, their database has doubled in size to over 200,000 records through various methods of prospecting. Potiomkin estimated 2009 prospect research costs (excluding salaries) at 1% of 2009 contributions and said the Opera's costs had been consistent since 2007 when they first implemented prospect research and screening. Using this cost estimate, the below table demonstrates Houston Grand Opera's ROI from prospect research after implementation in FY 2007.



Conclusion

Given the outlook for fundraising in the nonprofit community as a whole and with Arts organizations specifically, it is more important than ever to embed systematic prospect research into every aspect of fundraising. Across the board, Arts and Culture organizations are taking strides toward making improvements and increasing the efficiency and results of their fundraising strategies. With effective and targeted prospect research Arts and Culture organizations have the capacity to transform and improve fundraising results. The creative nature of the industry sees more groups thinking “outside of the box” and taking older models for fundraising to new innovative levels. Organizations are taking a hard look at their practices and processes currently in place and adjusting to improve performance. Implementation of the strategies and best practices will drive results.

Our hope is that this publication will help to enhance your knowledge of prospect research operations, contribute to the professional development of individual managers and raise the perception of the value of research within the Arts and Culture fundraising community. Above all, we hope this study will contribute to the body of knowledge within the Arts and Culture community and will lead to greater discussions and research initiatives.

Appendices

1	<i>Appendices</i>	
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APPENDIX A: Measuring Return on Investment from Wealth Screening

Every organization should make plans to evaluate the success of their wealth screening. Has the returned information been put to use? Has it positively impacted the organizations fundraising programs? Has the investment in data and modeling paid off? Is it an investment worth making again in the future?

In order to help organizations plan proactively for this important component of the screening process, WealthEngine suggests collecting and analyzing the data outlined in the attached worksheets:

- Major and leadership gifts
- Prospect/portfolio analysis
- Direct mail

Depending on the components of your fundraising program, you may also want to measure your results in planned giving, annual fund leadership solicitations and other fundraising activities.

Major Gifts

For Major Gifts, we suggest you analyze the research findings by segmenting the data into three categories:

- Prospects highly rated by the screening but not previously identified by your organization
- Prospects highly rated by the screening and already under management by your organization
- Prospects not highly rated by the screening but under management by the organization

Screening data can help your organization improve your fundraising efficiency in all three categories of prospects. By measuring results with WealthEngine's P2G Score and/or Capacity Ratings, you will quickly be able to see what segmentation strategy will be most productive for you to pursue in future screenings. The worksheet provided as Appendix A1: Measuring Return on Investment from Wealth Screening—Major and Leadership Gifts will help capture the information necessary for this analysis.

Prospect/Portfolio Analysis

Collecting the information suggested in Appendix A2: Measuring Return on Investment from Wealth Screening—Prospect/Portfolio Analysis will enable you to compare the gift amounts you are receiving from prospects based on their WealthEngine rating and their internal prospect research rating. This will be invaluable as you evaluate the ability of your major gifts program to make appropriate asks and to obtain maximum gift commitments from prospects. One of the most common shortcomings in major gift programs is “under-asking.” It will also be useful benchmarking data when completing capacity studies or feasibility studies for future campaigns.

Annual Fund/Direct Mail

In annual fund, your screening will help improve your fundraising efficiency by:

- Identifying potential leadership givers
- Identifying high potential/low interest prospects that may be best engaged through the annual fund before cultivating for a major gift
- Segmenting your direct mail prospects.

It is in conjunction with these direct mail efforts that we have provided Appendix A3: Measuring Return on Investment from Wealth Screening—Direct Mail. Simply fill in the total pieces mailed, # of gifts received, and dollars raised for your choice of mailing segments, and the cost per dollar raised, average gift size, and response rate will be calculated for each segment. Again, this will quickly enable you to identify those mailing segments that are most productive and others where the return on investment is less than ideal.

APPENDIX A1: Measuring Return on Investment from Wealth Screening

Major and Leadership Gifts

Gift Received	Amount	Date Received	Estimated Giving Capacity	P2G Rating	Internal Rating	Stage at Screening (identification, qualification, cultivation, solicitation, or stewardship)	Length of Cultivation (in months)	Research Time Invested (in months)
Gift #								
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
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25								
26								
27								
28								
29								
30								

Prospect/Portfolio Analysis

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APPENDIX A3: Measuring Return on Investment from Wealth Screening

Direct Mail

Direct Mail Appeal Name		WealthEngine P2G Ratings							WealthEngine Capacity Ratings											
	Overall	P2G 1	P2G 2	P2G 3	P2G 4	P2G 5	CR 1	CR 2	CR 3	CR 4	CR 5	CR 6	CR 7	CR 8	CR 9	CR A	CR B	CR C	CR Z	
1. Total cost of mailing																				
2. Total pieces mailed																				
3. Total # of gifts received																				
4. Total dollars raised																				
5. Cost per dollar raised	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0	0	0	0	0	0	0	0	0	0	0	0	
6. Average gift size	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
7. Response rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
8. Mailing type (R, A, L, S)		Mailing Type Key: R= Renewal, A= Acquisition, L= LYBUNT, S= SYBUNT																		
INSTRUCTIONS—Please Provide:																				
1. Total Cost of Mailing (printing, postage, mailhouse charges, etc.)																				
2. Total Pieces Mailed																				
3. The Number of Gifts Received (not dollar amount)																				
4. Total Dollars Received (gross receipts)																				
5,6,7. The spreadsheet will calculate (5) Cost per Dollar Raised (Total Cost/Dollars Received), (6) Average Gift Size (Dollars Received/Number of Gifts) and (7) Response Rate (Number of Gifts/Total Pieces Mailed). If you enter the information (1,2,3, & 4) separately for different P2G Ratings or Capacity Ratings in the columns provided, the spreadsheet will calculate each measure separately. In this way, you can compare the results of one mailing segment to that of another and quickly determine the most cost effective mailing segments.																				
8. Please indicate the mailing type–Renewal (sent to current donors), Acquisition (sent to never givers), LYBUNT (sent to donors who are 1–year lapsed), or SYBUNT (sent to donors who are 2+ years lapsed).																				
9,10,11,12. For future reference, indicate the ask amounts, ranges, or strings you are soliciting from each segment. This can be provided in the column associated with a P2G Rating or Capacity Rating.																				
9. Ask string (or ask amount) based on giving capacity? List:	Y/N																			
10. Ask string (or ask amount) based on P2G score? List:	Y/N																			
11. Ask string (or ask amount) based on custom model? Describe:	Y/N																			
12. Ask string (or ask amount) generic? List:	Y/N																			

APPENDIX B: Implementation Planning Guide

Every organization will develop its own unique implementation plan based on many factors. These factors include the state of their existing fundraising infrastructure, the size of the organization, their challenges and opportunities, their staffing, the geographic distribution of their constituents, their fundraising objectives and goals and many other factors. Below is an outline covering major points in an implementation plan used by WealthEngine. It is intended to stimulate questions and discussion more than to provide a blue print or cookie cutter solution to implementing a wealth screening.

1. Define and/or establish quantifiable goals for the screening in each of the categories for which you have them:
 - Major gifts
 - Planned gifts
 - Annual fund leadership gifts
 - Annual fund—general
 - Corporate and foundation
 - Other
2. Address questions regarding who should have access to the screening data and results:
 - Identify a primary administrator
 - Determine who should have access to the results
 - Be sure you have the necessary donor privacy policies in place to cover the appropriate use of the sensitive data in a wealth screening and that those who are given access to the data are aware of the policies
 - WealthEngine recommends that all who have access to the data, including FindWealth Online and/or WebConnect for DMS, sign a privacy statement. This will help protect your organization should any data be wrongfully used by a staff member
 - Determine who has permission to make changes in the results database
3. Address any training needs of staff:
 - Provide access to training for anyone who will be working directly with the data/screening results
 - Provide access to training for anyone who will use the FindWealth Online research tool
 - WealthEngine provides free training and custom training options. Visit the website at <http://www.wealthengine.com/nonprofit/our-services/product-training/training-schedule> for available times and agendas
4. Integration of results with the donor management system (DMS):
 - Determine if you will integrate your screening results into your Donor Management System (DMS)
 - If yes, determine which pieces of data to integrate (see WealthEngine DMS/CRM Import File Layout Guide for suggestions)
 - Decide what data you will validate before you import it into your DMS
 - Establish a timeline for the integration
 - Provide documentation or training so all those with access to the data integrated into the DMS can understand it
 - Contact your Client Service representative or WealthEngine Client Services at customerservice@wealthengine.com or 301-215-5980, option 3
5. Develop a plan to validate data based on priorities established in #1:
 - Will research validate data before prospects are distributed to field officers?

- Can some prospects be qualified more cost-effectively with a phone call or field assessment by gift officer?
 - Will only the WealthEngine data be validated, or will additional data be researched and incorporated into a profile?
 - What is the average amount of time you will spend validating a record?
 - Develop an order of priority for the validation process:
 - Choose high capacity/high interest/high affinity prospects first
 - Will you validate major gift-level prospects only? In most cases, annual fund prospects do not require validation
 - In order to push prospects into the pipeline quickly, you may want to validate those with high QOM and high P2G values first, as they will take less time
 - Validate prospects with high Pinpoint stock values first. These values are included in the Estimated Giving Capacity summary without a Quality of Match standard
 - Validate real estate data only when warranted. Real estate records are included in the Estimated Giving Capacity calculation only if they are an exact Quality of Match of 9 or above. Spending a lot of time verifying these matches may not be the most productive use of resources
 - Validate prospects with high Dun & Bradstreet private company values and add these, or a portion of these, into estimated capacity ratings if warranted. Use judgment concerning the value to include. Dun & Bradstreet data is not included in the Estimated Giving Capacity calculation by default
 - Do not validate records of constituents who are unlikely to be willing to engage with your organization—those with low or no interest or affiliation
 - Develop a timeline for the entire validation project
6. Develop timeline and plan of action for implementing results in each program area¹:
- Most organizations begin with major gifts or campaign needs;
 - Follow with plan for planned giving and/or;
 - Annual fund and/or;
 - Corporate and foundation and/or;
 - Other goals
7. Create buy-in among internal constituents:
- Will you introduce the screening to the front line fundraising staff? If so, provide at least limited training so they are able to understand the ratings and properly interpret the data they are seeing
 - Plan to introduce the results of the screening to fundraisers, trustees, and top leadership as appropriate. Non-research-savvy staff and volunteers may need convincing of the value of the investment and reassurance of the reliability of the data. Be prepared to answer questions
8. Assigning qualified prospects to fundraisers' portfolios:
- How will suspects/prospects/qualified prospects be assigned to gift officer portfolios?
 - How will progress with the assigned prospects be tracked?
9. Measure results so you can assess progress towards the goals identified in #1—define and/or establish quantifiable goals for the screening in each of the categories for which you have them. Some possible metrics are included on page the next page.
10. Evaluate the results of the screening by considering the following three categories:
- A. Newly identified prospects highly rated by screening and not previously identified:
- Number assigned

- Number cultivated
 - Number asked
 - Growth of pipeline
 - Number of gifts received
 - Dollar value of gifts received
- B. Highly rated by screening and already identified by organization:
- Number where rating stays the same
 - Number where rating goes up
 - Number where rating goes down
 - Does the data help verify or refine the ask amount?
 - Does the data suggest new strategies for cultivation?
 - Does the data help facilitate a sooner ask?
- C. Not highly rated by the screening but identified as a prospect by organization:
- Number where rating stays the same
 - Number where rating goes down
 - Are these the best prospects on which to focus limited time and resources?
 - Does the data suggest different strategies?
 - Does the data affect ask amount?

APPENDIX C: Sample Prospect Tracking Form

Proposal	Proposal Amount	Prospect	Confirmed and/or WealthEngine Gift Capacity Rating	Manager	Solicitor	Stage	Days in Current Stage	Projected Next Move Date	Comments
Heart Clinic - Naming	\$2,500,000	Roberts, John H.	\$5,000,000 +	Simms	Jenkins	Cultivation	35	4/30/2010	Out of country. Cannot connect before Board of Regents Meeting in spring.
Bioethicist - Position Endowment	\$2,000,000	Torres, Rafael	\$5,000,000 +	Messina	Messina	Qualification	25	10/25/2009	He will be on campus for homecoming. Plan to have in-depth conversation and learn more details.
Lecture Series - Environmental Science	\$900,000	Johnson, John	\$5,000,000 +	Peterson	Axelrod	Cultivation	180	11/30/2009	Plan to solicit prior to tax-year end.
Scholarship - Arts & Letters	\$45,000	Montana, Tony	\$250,000-\$499,999	Harris	Scherr	Qualification	54	9/15/2009	Will begin cultivation after gala.
Performing Arts Center - Lobby	\$5,000,000	Lieberman, Janet	\$5,000,000+	Peterson	Peterson	Stewardship	289	1/15/2015	Will pay off pledge in 2014.
Exclusive Gala - Table Sponsorship	\$10,000	Montana, Tony	\$500,000 - \$999,999	Harris	Harris	Solicitation	13	9/30/2009	Verbal commitment.
Not Yet Determined	\$50,000	Jeffrey, Susan	\$50,000 - \$99,999	Belchap	Belchap	Identification	68	11/15/2009	Will visit in fall—interest may be scholarship or student research.
Teaching Lab - Operational Endowment	\$1,000,000	Roberts, John H.	\$5,000,000 +	Simms	Messina	Solicitation	37	10/10/2009	Having trouble coordinating schedules.
Healthclub - Equipment	\$50,000	Zmudo, Bill	\$250,000-\$499,999	Belchap	Belchap	Cultivation	110	3/10/2010	Timing is bad for Bill's business. Re-visit in spring 2010.
Research Grant - Mathematics	\$250,000	Kraybill, Lenore	\$250,000-\$499,1000	Harris	Harris	Declined	10	1/1/2010	Wrong project. Revisit after the 1st of the year.
TOTAL PIPELINE	\$11,805,000								

Pipeline by Stage	
Identification	\$50,000
Qualification	\$2,045,000
Cultivation	\$3,450,000
Solicitation	\$1,010,000
Stewardship	\$5,000,000
Declined	\$250,000
Total Declined \$ Value	\$250,000
NET PIPELINE	\$11,555,000

APPENDIX D: Segmentation of Survey Results (Highlights)*

Size of Organization's Budget	Under \$100,00	\$100,000-\$499,999	\$500,000-\$999,999	\$1 Million or more
Number of Unique Respondents	23	36	14	57
	Please tell us how you would classify your organization:			
Museum/Historical Site	8	10	2	17
Zoo/Aquarium	1	4	1	4
Performing Arts Venue	0	5	1	8
Musical Performance	2	3	4	6
Dance Performance	1	0	0	0
Theater Performance	3	6	2	9
Film	2	0	0	1
Botanical Garden and other Natural Sciences	0	1	0	2
Library	0	2	1	2
Public Broadcasting	0	2	2	3
Arts Council, Foundations, and Educational Institutions	6	2	1	5
	How would you define the scope of your organization's constituency?			
Global	4	4	1	12
National	1	8	4	15
Regional "Multi-State"	6	6	4	11
Statewide	2	4	0	8
Multi-county	7	7	3	6
Local	3	7	2	5
	What percentage of overall organization revenue comes from admission ticket sales, if applicable?			
0%	0	3	1	2
1% - 19%	7	7	4	11
20% - 39%	8	5	2	10
40% - 59%	1	7	1	11
60% - 79%	1	3	1	3
80% - 99%	0	0	0	0
100%	0	0	0	0
Not Applicable	4	11	5	20
	Do you capture any financial or demographic information as part of the admission ticketing transaction process?			
Yes	9	14	3	17
No	9	13	5	21
Not Applicable	4	9	6	19
	Do you have a process for conducting prospect research and/or screening of individuals identified from ticketing or admissions?			
Yes	5	8	3	19
No	14	20	7	17
Not Applicable	4	8	4	20

Size of Organization's Budget	Under \$100,00	\$100,000-\$499,999	\$500,000-\$999,999	\$1 Million or more
	Do you find that admissions/ticketing has generated increased fundraising leads for any of the following?			
	Major Gifts			
Yes	5	4	4	13
No	11	16	2	14
Not Applicable	7	16	9	30
	Annual Fund			
Yes	15	21	7	23
No	3	3	0	5
Not Applicable	5	12	7	29
	Special Events			
Yes	12	16	5	15
No	5	6	2	11
Not Applicable	6	14	7	31
	Planned Giving			
Yes	0	2	2	6
No	11	16	3	15
Not Applicable	12	18	9	36
	Does your organization have a membership program?			
Yes	15	18	9	27
No	4	8	1	11
Not Applicable	4	10	4	19
	What types of membership programs are available?			
Individual	12	15	5	23
Individual +1	9	9	0	11
Family	7	12	5	16
Other includes: Corporate, Seniors, Lifetime	9	8	6	12
	Do you offer incentives to move current members to higher membership levels?			
Yes	3	8	4	20
No	10	9	3	25
Not Applicable	10	19	7	12
	Please rank the following in terms of significance to your organization's overall fundraising income.			
	Annual Giving/Memberships & Subscriptions			
Least Important	1	0	0	1
Less Important	1	4	0	4
Important	9	14	5	17
Most Important	7	8	5	12
Not Applicable	5	0	4	23

Size of Organization's Budget	Under \$100,00	\$100,000-\$499,999	\$500,000-\$999,999	\$1 Million or more
	Major Gifts			
Least Important	1	0	0	1
Less Important	6	3	0	1
Important	5	9	5	10
Most Important	3	14	4	26
Not Applicable	8	10	5	19
	Planned Giving			
Least Important	7	6	3	9
Less Important	4	11	3	12
Important	0	7	2	12
Most Important	0	0	2	3
Not Applicable	10	12	4	21
	Special Events			
Least Important	0	3	0	6
Less Important	5	6	4	10
Important	6	10	6	17
Most Important	6	7	0	3
Not Applicable	6	10	4	21
	Corporate and Foundation Giving			
Least Important	1	1	0	0
Less Important	3	1	2	1
Important	1	12	8	21
Most Important	13	12	0	15
Not Applicable	5	10	4	20
	Did your organization make goal for last year?			
Yes	7	14	4	24
No	10	11	6	11
No Applicable	6	10	4	22
	What range best describes the minimum amount considered a major gift at your organization?			
Less than \$500	1	1	0	0
\$500 - \$999	2	2	0	3
\$1,000 - \$4,999	9	11	5	12
\$5,000 - \$9,999	4	4	2	2
\$10,000 - \$49,999	3	7	1	17
\$50,000 - \$99,999	0	0	2	3
\$100,000+	0	0	0	3
Not Applicable	4	11	4	17
	Are your organization's trustees and/or volunteers actively engaged in the fundraising process?			
Trustees	7	13	5	17
Volunteers	0	0	1	1
Both Trustees and Volunteers	5	10	3	15
Neither Trustees or Volunteers	6	3	0	5
Not Applicable	5	9	5	19

Size of Organization's Budget	Under \$100,00	\$100,000-\$499,999	\$500,000-\$999,999	\$1 Million or more
	Do they carry an active portfolio of prospects?			
Yes	4	8	3	15
No	13	18	7	20
No Applicable	6	10	4	22
	If your organization does not have a full time prospect research professional, what percentage of time is spent on prospect research?			
Low	1	1	0	1
High	13	18	5	17
Average	1	0	0	3
High	1	2	2	4
Average	0	0	0	1
High	7	15	7	31
	What range best describes the budget for your organization's prospect research operations?			
Less than \$5,000	12	14	3	0
\$5,000 - \$9,999	1	4	2	2
\$10,000 - \$49,999	2	0	5	6
\$50,000 - \$99,999	0	2	0	2
\$100,000 - \$249,999	0	0	0	5
\$500,000 or more	0	0	0	0
Not Applicable	8	16	4	42
	Please rank the following in terms of significance to your organization's overall fundraising income.			
	Identifying new prospects/donors			
Least Challenging	1	1	1	2
Less Challenging	1	4	2	9
Challenging	2	10	1	9
Most Challenging	14	10	6	14
No Response	5	11	4	23
	Identifying wealth/background of current donors			
Least Challenging	1	4	1	4
Less Challenging	7	7	5	15
Challenging	6	12	3	10
Most Challenging	4	2	1	5
No Response	5	11	4	23
	Upgrading current donors			
Least Challenging	0	0	0	0
Less Challenging	2	7	3	4
Challenging	10	12	4	21
Most Challenging	5	6	3	10
No Response	6	11	4	23

Size of Organization's Budget	Under \$100,00	\$100,000-\$499,999	\$500,000-\$999,999	\$1 Million or more
	Renewing Lapsed Donors			
Least Challenging	1	1	0	0
Less Challenging	1	7	2	4
Challenging	11	13	7	21
Most Challenging	4	3	1	9
No Response	6	12	4	23
	Has your organization ever conducted a wealth screening?			
Yes	6	10	8	31
No	12	15	1	3
Not Applicable	5	11	5	23
	In what areas of fundraising were the screening results used? Please check all that apply:			
Major Gifts	5	9	7	28
Annual Fund	5	5	6	16
Planned Giving	0	1	4	11
Corporate and Foundation Relations	3	2	3	3
Direct Mail	2	1	2	8
Membership Acquisition	1	0	4	5
Special Events	3	1	3	7
Peer Screening	1	4	2	8
	Please rank the following prospect research activities to their importance on your current fundraising program.			
	In-house prospect research			
Least Important	0	1	0	0
Less Important	0	1	1	1
Important	7	9	3	11
Most Important	7	9	6	20
No Response	9	16	4	25
	Outsourced prospect research			
Least Important	4	5	0	9
Less Important	2	3	3	5
Important	0	5	3	4
Most Important	1	0	0	0
No Response	6	23	8	39
	Peer Screening			
Least Important	2	3	1	2
Less Important	4	4	2	4
Important	2	6	4	14
Most Important	1	6	2	4
No Response	14	17	5	33

Size of Organization's Budget	Under \$100,00	\$100,000-\$499,999	\$500,000-\$999,999	\$1 Million or more
	Wealth Screening			
Least Important	1	4	0	1
Less Important	2	3	1	7
Important	6	4	6	13
Most Important	0	3	1	5
No Response	14	22	5	31
	Data Modeling/Analytics			
Least Important	3	2	0	2
Less Important	4	5	0	2
Important	0	4	7	9
Most Important	0	2	1	4
No Response	16	23	6	40
	Which of the following describes the ways in which you are tracking return on investment (ROI) within fundraising? Please check all that apply:			
Change in size of prospect pipeline	3	5	4	5
Change in number and size of donations received from your prospect research/screening efforts	7	11	4	11
Overall fundraising success over a period of time (5 - 10 years)	7	15	5	17
Comparison of funds raised before and after research/screening	3	4	2	3
	Do you have a Donor Management System (DMS)?			
Yes	10	17	9	26
No	7	7	1	7
Not Applicable	6	12	4	24
	What data elements did you incorporate into your DMS records? Please check all that apply:			
Giving Capacity	3	6	7	17
Financial Details	2	5	4	11
Vendor Services	0	1	2	8
Biographical Data	3	8	7	11
Other includes: Cumulative Giving, Special Event Participation, Other Board Participation, Inner Circle Matches	1	2	3	5

** Due to the length of this survey, only specific and pertinent questions were included in the Segmentation.*

NOTES



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